THE ECONOMIC CAUSES OF MODERN WARS

JOHN BAKELESS

10.25.21.

LIBRARY OF THE THEOLOGICAL SEMINARY

PRINCETON, N. J.

PRESENTED BY

Williams College.

Division HB195

Section B16

THE
ECONOMIC CAUSES OF MODERN WAR

A STUDY OF THE PERIOD: 1878-1918

LIBRARY OF PRINCETON
OCT 25 1921
THEOLOGICAL SEMINARY

Williams College
DAVID A. WELLS PRIZE ESSAYS

Number 6

THE ECONOMIC CAUSES OF MODERN WAR

A STUDY OF THE PERIOD: 1878–1918

BY

JOHN BAKELESS, M. A.

PRINTED FOR THE
DEPARTMENT OF POLITICAL SCIENCE
OF WILLIAMS COLLEGE
By Moffat, Yard and Company, New York
1921

COPYRIGHT, 1921, BY
MOFFAT, YARD & COMPANY

PRINTED IN THE U. S. A.

TO

KATHERINE LITTLE BAKELESS

INTRODUCTION

THE present volume is an effort to trace the chain of economic causes which produce modern wars. It is an effort also to show that the same series of causes, at the same time that they bring about wars, are working (somewhat less effectively) towards increasing international solidarity. And finally, it is a very modest attempt to indicate, tentatively, the general lines on which the operation of these economic causes in the first direction may be limited and in the second forwarded.

Originally it was a study only of the economic causes of war; but as the research progressed it speedily became apparent that there was another side to the picture. By an ironic paradox the same forces were producing two effects: they were working toward war and peace at the same time.

The rise of industrialism has led to a struggle for markets and for food supplies and raw materials. These have led to international friction culminating in war, mainly through questions of colonial policy. But since industrialism and colonial expansion are impossible without a high degree of financial inter-relationship among nations, and since the interest of the financier is usually (but not by any means always) in the preservation of peace for the sake of his investments' safety, the forces that generate wars also generate a force which tends to prevent them. Moreover, the extreme complexity of these inter-relationships between modern industrial states, through the need for international transportation, communication, standardization of weights and measures, publication of tariffs, and the like, has bred a

spirit of co-operation among nations which is opposed to the war spirit.

But it is quite apparent that as matters have stood hitherto, the economic causes are working a good deal faster towards war than peace. The ratio of four peaceful years to thirty-six years of war during the period 1878-1918 scarcely indicates that the war god is going out of business immediately. It is for this reason that I have stressed the causation of war, rather than its prevention; and have tried only in the concluding chapter to indicate very briefly where the most promising remedy lies. For those who are familiar with their writings, my debt to Mr. J. L. Garvin of the London *Observer* and to Mr. H. N. Brailsford will be too obvious to need the acknowledgment that I make most gratefully.

The three quotations prefixed to the text serve to indicate pretty accurately in advance the approach to the subject. There is here no effort to advance a purely "economic theory of history"; there is, however, an attempt to demonstrate that the root of modern war lies in economic conditions, even though other causes are sometimes operative to a less extent. There is also a constant effort to strip off the disguises which purely economic motives are likely to assume.

The study was begun while I was still in military service at Camp Lee, Virginia. The duties of a battalion adjutant having proved scarcely conducive to research, it was laid aside and resumed some months later, after which it was presented in skeletal form before the Seminar in the Philosophy of History at Harvard. As a result of the criticisms received there, several changes were made, and the subsequent revision has led to the introduction of much additional data.

The manuscript has been read by Professor William Ernest Hocking, of Harvard University, by Professor Walter

Wallace McLaren and Dr. James Washington Bell, of Williams College, and by Mr. Lennox Mills, Rhodes Scholar from British Columbia, greatly to its benefit and my own. I owe to the Reverend Father Campbell, of the Society of St. John the Evangelist, first hand information relative to conditions in the Far East; to Dean J. H. Latané, of Johns Hopkins University, and to Professor I. W. Howerth, of the University of California, assistance in locating references; to Dean Le Baron Russell Briggs, of Harvard University, aid in the revision of manuscript; and to Colonel James B. Gowen, Executive Officer, General Staff College, United States Army, the compilation of the list of wars on page 46.

Although I am greatly indebted to these gentlemen for many suggestions of the greatest value, the responsibility both for statements of fact and for conclusions is, of course, entirely my own.

JOHN BAKELESS.

CAMBRIDGE, MASSACHUSETTS,
26 October, 1920.

CONTENTS

CHAPTER		PAGE
	INTRODUCTION	vii
I.	THE CAUSES OF WARS	1
II.	THE ECONOMIC MOTIVES OF COLONIAL RIVALRY	14
III.	THE ECONOMIC MOTIVES OF THE WARS OF THE WORLD: 1878-1914	38
IV.	THE ECONOMIC MOTIVES OF THE WORLD WAR: 1914-1918	141
V.	THE PREVENTION OF WAR BY INTERNATIONAL FINANCE	177
VI.	INTERNATIONALISM AND ECONOMIC CONFLICT	196
VII.	THE LEAGUE OF NATIONS	212
	BIBLIOGRAPHY	231
	INDEX	250

THE
ECONOMIC CAUSES OF MODERN WAR

A STUDY OF THE PERIOD: 1878-1918

"The potent pressure of economic expansion is the motive force in an international struggle."

—H. N. Brailsford.

"The desire for commercial privilege and for freedom from commercial restraint is the primary cause of war."

—J. A. Hobson.

"Economic interpretation of history means, not that the economic relations assert an exclusive influence, but that they assert a preponderant influence in shaping the progress of society."

—E. R. A. Seligman.

THE ECONOMIC CAUSES OF MODERN WAR

CHAPTER I

THE CAUSES OF WARS

SHARP distinction is always to be drawn between the real and the apparent occasions of wars. The real, as contrasted with the ostensible causes, are not often clear and can seldom be entirely understood. No international conflict was ever due to a single cause, but all have been rather the result of a group of causes, of which only a few have ever become apparent.

Nor are the incidents which precipitate wars likely to be anything more than sparks, igniting magazines already primed for explosion. A dispute with regard to a pig is said at one time to have threatened war between the United States and Great Britain, and on another occasion between France and the Republic of Texas, then independent of the United States.[1] Difficulties between Vienna and Belgrade over the export of Serbian pigs had much to do with the bitterness which culminated in the Sarajevo murder and the World War. The cutting off by Spaniards of the ear of an English sea captain named Jenkins was the immediate cause of the war of 1738 between England and Spain,

[1] I. W. Howerth: "The Causes of War," *Scientific Monthly*, 2:118:F '16. See also D. W. C. Baker: *A Texas Scrap-Book*, p. 315.

which later became part of the War of the Austrian Succession, but which was first known as "Jenkins's Ear War." [1] Some of the fiercest fighting of the Nineteenth Century occurred during the war between Peru and Chile, which followed a dispute over manure. The blowing up of the battleship "Maine" in Havana harbor could never have produced war between the United States and Spain had not the two states been prepared for hostilities by a variety of economic, idealistic, and humanitarian motives. Nor could Bismarck's alteration of the Ems telegram have brought about the Franco-Prussian War had not both countries been already upon the verge of a conflict, from a number of causes of varying natures, dynastic, nationalistic, economic, and territorial. In all these cases, the incidents, tragic or grotesque, to which the wars that followed have been directly due, are evidently in no real sense the actual causes. For them, one must look deeper and further back in history.

Religious differences; dynastic ambitions; efforts to divert popular attention from domestic strife; "altruistic" motives for the spread of a superior culture; the defense of neutral rights; compliance with the terms of alliances; efforts at national unification; struggles for national independence; aid extended to rebels; ambition for hegemony in the family of nations; affronts, real and fancied, to the national honor; revenge, distrust, hatred, or mere misunderstandings between nations, leading to increased armaments, and culminating in "defensive" onslaughts upon one another; the chauvinism of professional military or naval castes; plotting against the peace and security of neighboring states; and finally, a wide variety of economic motives, over-population, immigration and emigration with their attendant international friction, territorial expansion, colo-

[1] Edward P. Cheyney: *Short History of England,* p. 557.

nies, trade rivalries, the needs of industrial states for markets, raw materials, and food supplies, security for vital arteries of trade, access to the sea, "scientific" frontiers, and the possession of strategic points—all these have been important causes of wars at one time or another. Although certain of them seem more important at present, almost any one can be found in some form or other, usually not very thoroughly disguised, in the great war which has just come to an end.

In the kingless and apparently godless world of 1920, it is difficult to believe that either dynastic or religious considerations could really produce wars; yet it is but a few years since the divine right of kings was being proclaimed in all seriousness, and since Russian, Austrian, and German troops were marching in the names of gods as truly tribal as Allah and Yahweh ever were, to support the threatened Romanoff, Hapsburg, and Hohenzollern dynasties. During the same period, the Jehad, or Holy War, was proclaimed in the Moslem world; and although General Allenby's campaign in Palestine can hardly be called a Holy War, there is no denying that a strong religious interest attached to it throughout the Christian world.[1]

[1] In 1866 Lecky regarded religious difficulties as a group of war causes soon to become obsolete, for he wrote: "The great majority of wars during the last 1,000 years may be classified under three heads—wars produced by opposition of religious belief, wars resulting from erroneous economical notions, either concerning the balance of trade or the material advantages of conquest, and wars resulting from the collision of the two hostile doctrines of the Divine right of kings and the rights of nations. In the first instance knowledge has gained a decisive, and in the second almost a decisive victory. Whether it will ever render equally impossible political combinations that outrage national sentiment is one of the great problems of the future."—Lecky: *Rationalism in Europe,* vol. ii, pp. 219-220.

The history of the last fifty years renders his error as to the economic factor so glaringly obvious that one is inclined to question the accuracy of his conclusion as to the "decisive victory" which knowledge has gained over religious hostilities. The civil war in Ireland is a case in point.

We must go further back in history to find wars which have been fought with the religious motive well to the front, but in all times and in all religions we find them. The Old Testament teems with religious wars. Mohammedanism has spread itself over half the world with the sword for

Mr. Oscar T. Crosby, President of the World Federation League, a graduate of the United States Military Academy, who was for five years a lieutenant of engineers in the United States Army, points to the complex intermingling of faiths on both sides in the World War, as precluding the entrance of the religious motive. (*International War, Its Causes and Its Cure,* p. 230.) His religious tabulation of the warring powers, slightly enlarged, is as follows:

Allied Powers

British Empire—Protestant, Roman Catholic, Anglican Catholic, Agnostic, Hindu, Mohammedan, Parsee, Buddhist, Jaina, Animist, Jewish, Agnostic.

France—Roman Catholic, Agnostic, Protestant, Mohammedan, Buddhist, Confucian, Animist, Jewish.

Russia—Greek Catholic, Protestant, Mohammedan, Buddhist, Armenian, Jewish.

Italy—Roman Catholic, Agnostic, Jewish.

Japan—Buddhist, Shinto, Christian (of diverse shades), Agnostic.

America—Protestant, Anglican Catholic, Roman Catholic, Greek Catholic, Jewish, Mohammedan, Agnostic.

Serbia—Greek Catholic.

Central Powers

Germany—Protestant, Roman Catholic, Agnostic, Jewish, Buddhist.

Austria—Roman Catholic, Protestant, Agnostic, Jewish.

Turkey—Mohammedan, Armenian, Jewish.

Bulgaria—Greek Catholic, Jewish.

The religious motive is no doubt of minor importance in the wars of the modern world, but the well-known fact that the German General Staff deliberately counted on a Mohammedan Holy War, together with the other facts that I have given, serves to show that it is not dead by any means. So astute an observer of international events as Dr. E. J. Dillon remarks: "It is a fact—not yet realized even by the delegates themselves—that distinctly religious motives inspired much that was done by the Conference on what seemed political or social grounds." (*The Inside Story of the Peace Conference,* p. 489.) Although Dr. Dillon later (p. 496) regards "the plea that war may be provoked by such religious inequality as still survives" as "unreal" it is evident that—however "religious inequality" may be considered—a force which is still so vital as "religious motives" were at Paris, is seriously to be reckoned with.

missionary. Christianity itself did not disdain to go crusading, and the history of Europe is filled with the battles of Catholic and Protestant.

The clearest modern instance of a series of wars resulting primarily from dynastic ambitions, is to be seen at the beginning of the Nineteenth Century, in the Napoleonic Wars. Although even here we do not have a case of wars produced solely by dynastic ambition (for there were, of course, other causes), we have at least an example of an ambitious ruler, would-be founder of a dynasty, thirsty for power, deliberately embroiling Europe for a period of many years, for the sake of gratifying his own ambitions.

Not only may a ruler who regards the interests of his dynasty as paramount engage in a war to enhance its prestige, or to enlarge its domains; but he may also find in war a convenient means of solidifying its power at home by diverting popular attention from domestic difficulties. The unanimity with which the widely diverging parties of the German Empire, from Junker to Socialist, joined in 1914 for the period of the war, is a case in point. Nor is warfare as a means of promoting harmony within the state unknown even to republics. Immediately prior to the outbreak of the American Civil War, Secretary Seward and his followers are said to have been casting about for a foreign war as the most convenient means of allaying the growing discord between North and South.[1] Only in the union before a common foe resulting from the Spanish-American War did sectional hostility in the United States finally vanish.

To talk of an "altruistic" war seems almost a contradiction in terms, and yet there can be no question that France in the days of the First Republic was ready to carry

[1] O. T. Crosby: *International War, Its Causes and Its Cure,* p. 335.

the gospel of "Liberté, égalité, fraternité," to an unwilling world by force of arms, just as in the recent war our German adversaries went forth with the avowed intention of bestowing upon a benighted globe the inestimable advantages of a superior *Kultur*.

Phrases like "the white man's burden,"—which, as we shall presently see, is a highly profitable load—are efforts to cast the cloak of altruism over the stark economic motivation of European colonial conflicts. England in Egypt and Africa, the United States in the Philippines, Italy in Tripoli, France in Tunis, Algiers, Morocco, and Indo-China, insist that they are altruistically and with sublime self-abnegation doing their share in caring for the

> ". . . new-caught, sullen peoples,
> Half-devil and half-child."

War also assumes an ethical aspect when the warring powers profess to be engaged in a struggle on behalf of the rights of neutrals, as was the case when the United States went to war with Great Britain in 1812 in defense of neutral rights at sea, or when in 1914 Belgium struck in defense of her neutrality, or Great Britain (partly) in defense of the same neutrality. But Great Britain, in addition to the enormously important economic motives to be discussed later, was also engaged by alliance to uphold Belgian neutrality, one of the numerous examples afforded by the World War of compliance with the terms of an existing alliance as an occasion, though not a true cause, of war.

What appears to be an innate human tendency to group in increasingly large units, has contributed its share to the wars of the world. The ancient world grouped and regrouped itself, at the price of endless warfare, again and again, as Assyrian, Babylonian, and Egyptian Empires rose

and fell. Out of the large unit which was the Roman Empire came the grouping and regrouping of the Holy Roman Empire.

The last century has seen the unification of the German Empire, the unification of Italy, and the settling, once for all, of the question of the unity of the United States. Sometimes such processes of national unification can be brought about by agreement. More often, in the past, unification has come through war. It was the wars of 1864, 1866, and 1870 that made possible the union of the scattered German states; it was through battle that a United Italy came together; and it was only after four years of bitter warfare that our own country became forever a united land.

Colonies and dependencies, and even countries which are merely political associates, can usually become free and independent states only by appeal to arms. The peaceful separation of Sweden and Norway was a most unusual incident. Every Republic in North and South America won its freedom with the blood of its citizens. Greece, Serbia, Bulgaria, Montenegro, Roumania, have one by one cast off the yoke of Turkish suzerainty through war. Because the desire for national independence leads to conflict, we have within the last three years seen one small state after another split from the empire of which it had hitherto been a part, and with an army in the field assert its right to an independent existence.

When a subject nation is thus engaged in a war for independence, other powers, already hostile to its suzerain from a variety of reasons, may make use of the occasion to come to the assistance of the rebels, paying off old scores under the convenient cloak of idealism. Thus it was that France sent troops to the aid of the rebellious American colonies of her traditional foe, Great Britain; and both in

European and South American countries the United States has been credited with a similarly Machiavellian policy in the Cuban intervention.

The rise and fall of German hegemony in Europe, comprised within the period 1862-1918,[1] furnished an excellent example of a series of wars fought for the sake of the leadership of one nation among the rest. Under Bismarck's adroit statecraft, the war of 1864 aggrandized Prussia at the expense of Denmark, and furnished the spark which, judiciously fanned, burst into flame in the war with Austria in 1866. With the defeat of Austria, Prussia won the hegemony among the scattered German states, and after that, by the defeat of France in the Franco-Prussian War, the hegemony of Europe. Since then a series of threats, demonstrations, diplomatic crises, and war scares have gone to the maintenance of that hard-won hegemony, culminating at last in the grand *débâcle* of the present war and the disappearance of German leadership.

The desire to maintain the hegemony of a nation leads its statesmen to be highly sensitive when that extremely nebulous quantity known as the "national honor" is involved, and to be ready to threaten war over incidents trifling in themselves, but regarded as tending to belittle the prestige of the nation and to open the way to further and more serious infringements of its dignity by the offending nation. A case in point is the scuffle at Casablanca in which a German consul's cane was broken. That broken cane very nearly brought all Europe into war.

Mutual hatred or the desire for revenge between nations is another potent cause of war. The forty years of suspicion between France and Germany, the policy of

[1] From Bismarck's accession in 1862 to the office of Chancellor to the King of Prussia, to the signing of the armistice which ended the World War in 1918.

"revanche," the rankling wound of the economic and sentimental loss of Alsace-Lorraine, have all but produced war again and again and again. The distrust of Germany which implanted itself in the English mind between 1890 and 1914, and the growing dislike and jealousy of England which made itself apparent a little before, if not quite simultaneously, in Germany, served to open the way for hostilities.

Of the numerous causes from which such national distrusts may grow, the most prolific is the sheer difficulty of one nation in understanding another. The mere barrier of language, where it exists, is in itself a contributing cause, since there is no opportunity for the two peoples to know and understand each other. Where this barrier does not exist, there is unfortunately, an appalling opportunity for friction through differences of custom, habits, manner of life, all of which may in the end lead to bitterness because of the very fact that through community of language, adverse utterances in the journals of one nation are readily comprehended and copied by those of the other.

Where international hatred, distrust, or jealousy exists, the national armament is certain to be increased. It was in obedience to this law that France fortified her northern frontier, that England added continually to her fleet, and that the work of the German *Flottenverein* resulted in the building of the one fleet capable of rivalling that of Great Britain. Likewise, where these national jealousies exist, a professional military caste is almost certain to spring up, its whole life given to preparation for war—a caste always on the lookout for war (with which its whole prospect of preferment is bound up), favoring war, and quite capable of indiscretions which may bring it about. Such was the case in Germany prior to 1914; such was the case to a much

less degree in France; such was the case to some degree in the British fleet.

National jealousies and hatreds, with the perpetual virus of a military or naval hierarchy, even if the last be not all-powerful, distrust and suspicion between the nations involved, have as their results constant uneasiness and ever-growing tension of the national nerves. This ends in ultimatums, war-scares, and "defensive attacks" to take advantage of speedier mobilization—all, sometimes, over disagreements which were trifling in their origin, or at least capable of peaceful solution, but which have at last bred terrific conflicts.

All this leads naturally to what has always been one of the chief reasons for warfare—the economic. From the earliest days, when primitive tribes fought one another for hunting grounds, for slaves, or for loot, economic considerations have been involved in war. Economics and finance do not merely enter into the provocation of modern war, but are themselves among the means by which it is carried on. The blockade is a device which was long ago discovered, but today trade and tariff wars precede the use of force, and economic pressure helps to force the enemy into submission.

That economic conditions have stimulated war in all ages is a commonplace of history. The great mercantile powers of the world have always fought one another, whether for markets, over trade routes, or out of the sheer bitterness engendered of their commercial contests. But it has remained for the economic foes of our day to penetrate into the furthermost corners of the earth with quarrels and bickerings which have in the end been productive of the bloodiest of wars, to carry "civilization"—and the surplus products of their industries—throughout the world, mercilessly crushing the unfortunate natives that have stood in their way, and in the end coming into armed conflicts with

one another because of the demand of each for more and yet more opportunity for economic expansion.

Without going to the extremes of the out-and-out exponents of the economic theory of history, one may say with safety that there has never been a war into which economics did not enter to some degree, and that there has seldom been a war into which economics did not enter to a great degree.

Pressure of population has always been a potent cause of wars. It was this that sent the Goth and Hun south to the Mediterranean as the Roman Empire tottered to its fall—the pressure of other populations, behind them, pressing out of Asia. It is this that has caused modern wars. A fecund nation grows so rapidly that it has no longer room within its borders for its citizens. Then comes either emigration, with its consequent loss to the state of its citizens, or else expansion into the domains of a neighboring state. Encroachment upon another's territories means war, inevitably. Colonization means war, too, either with other colonizing powers, or with the natives whom the new settlers displace.

As the states of Europe have grown in population beyond the capacity of their own soil to feed them, they have turned from agriculture to industry. They have had to look beyond their borders for food for their populations, for raw materials for their industries, and for markets for their wares. They have required access to the sea, and strategic points along the trade routes by which these things are brought to them.

It is the increase of population, followed by the rise of industrialism, and the consequent economic interdependence in vital commodities without guaranties of economic security save by force, that have rendered war inevi-

table in the modern world. The imperative need of food supplies, of raw materials, of markets, and the insecurity of a world organization which makes it possible for any of these to be cut off at any moment by a hostile fleet or army, lead to a frantic effort for the acquisition of the portions of the earth where raw materials and food supplies are to be had, as well as to the quest of colonies as prospective consumers of the wares produced by the fatherland in excess of its own (and general European) consumption.

This is the situation which stimulates the trade rivalries that serve to embitter national quarrels already existing for other reasons. Witness the increasing national hatred between Great Britain and Germany, which grew apace as German enterprise and scientific methods gradually displaced the British in the markets of the world. Out of trade rivalry comes colonial rivalry, colonial wars waged by the mother countries for the possession and safeguarding of their domains, and in the end, wars between the great colonial powers themselves because of quarrels engendered in their colonies. Witness Fashoda, witness Agadir, and witness the whole miserable business of the Far and Near East.

The chapters that follow are an effort:

First, to trace the economic forces that have driven European nations into constant collision with native tribes and with one another in the backward lands of the earth—primarily overpopulation, followed by manufacturing beyond their own capacity to use, with resultant shortage of food supplies and raw materials;

Second, to examine the actual working in history of this theoretical chain of war causes, by a study of the origins of the wars of the period 1878–1918;

Third, to set forth the paradox by which international finance both produces and prevents wars;

Fourth, to show the way in which the economic causes of wars affect internationalism, and their relation to the League of Nations.

CHAPTER II

THE ECONOMIC MOTIVES OF COLONIAL RIVALRY

Ever since states began, they have founded colonies, although the objects and methods of the colonization have radically differed, as has the status of the colonies in relation to the parent nations. Ancient Greek colonization, for example, was a very different process in every respect from the colonization of our own day, for the Greeks—to whom the state was necessarily a city—regarded it as being naturally a small organization, and drew the obvious inference that the surplus population was to be accommodated only by the founding of a new state. Hence the classic colony consisted of a body of emigrants from the parent state, who withdrew from it and went elsewhere to set up a new πόλις which should carry on the traditions, customs, ideals, habits of life of the old state, but without any political connection. Thus were founded all the colonies which dotted the shores of the Ægean; and thus it was that Carthage grew from Phœnicia.

This was the earliest and most natural method of colonization, but it was not the only one; nor was it—especially as means of communication gradually improved—the only natural one, for to the bonds of blood, customs, and religion could well be added that of political connection. A prototype of the classic colonizing tradition is the city of Miletus, with her daughter cities flourishing all about her; and of the modern tradition, the British Empire, which has grown gradually but surely through the centuries by the most successful application that the world has yet seen, of the more modern method.

A change, then, has come over the methods of founding and administering colonies, and it is a change which has grown directly out of the increasing complexity of modern civilization. Not only has there been a change in methods, but new motives also have come to make themselves felt.

The most important, and indeed the fundamental cause of the demand for colonies is the growth of the populations of European states beyond the capacities of the territories of the various nations to support them. Throughout the entire continent an increase of population has been going on, in some countries more rapidly than in others, but in almost all fast enough to cause the numbers of the population to exceed by far the productive capacity of their own land. The population of Prussia would double itself by natural increase in 49.2 years; that of England in 59.1 years; that of Italy in 65.7 years; that of Austria in 74.1; and—though the population of France lags behind—even there in a period of 591 years a similar increase would result.[1]

Evidently a constantly increasing pressure on the means of subsistence must follow in all nations; nor is the pressure upon the other European states relieved, nor the colonial or military rivalry lessened, by the slow rate of increase in a single nation. By a paradox, the political effects of a rising birth rate in Germany and a falling birth rate in France have been precisely the same; for Germany, like every other European Power, has believed herself compelled to seek an outlet for population in a world empire; and France has been forced to look to new colonies for the native troops with which to meet the long-expected onslaught of

[1] A. Newsholme: *The Elements of Vital Statistics,* p. 15. Professor F. W. Taussig gives slightly different figures: 59 years for England and Wales; 65 years for Italy; but 990 years for France. (*Principles of Economics,* vol. ii: p. 215.)

her more fecund neighbor.[1] In each case the practical result has been identical—a demand for colonies, consequent rivalry with other Powers having the same ends in view, jealousy, and friction because the lands available for European colonization are limited.

The German efforts to build up a world empire during the latter part of the Nineteenth and the first part of the Twentieth Centuries offer the clearest example of the forces which have been at work throughout Europe generally,—though not everywhere so clearly.

The characteristic fecundity of the Teuton has been one of the most important causes of the German demand for colonial expansion. Although the German birth rate has been falling since 1876 when it stood at 41.0 per 1,000 of the population of the whole Empire, the death rate has been falling, too; and this, together with state and municipal efforts to check infant mortality has kept the population constantly increasing. Within a hundred years it has tripled, and 6,000,000 Germans have come to the United States alone.

The following table for the decades preceding and following the establishment of the Empire, shows not only the rise and fall of the birth rate, but also the maintenance of a rate always sufficiently high to indicate a growth in population:[2]

1851-1860.....	35.3	per	1000	inhabitants
1861-1870.....	37.2	"	"	"
1871-1880.....	39.1	"	"	"
1881-1890.....	36.8	"	"	"
1891-1900.....	36.2	"	"	"

[1] The ratio between the two populations is given by Dr. E. J. Dillon as standing at present at about 6:4 and advancing perceptibly to 7:4. (*The Inside Story of the Peace Conference*, p. 422.)

[2] W. H. Dawson: *Evolution of Modern Germany*, p. 309.

The compensation which the rapidly falling death rate offered for the more slowly falling birth rate, and the consequent maintenance of the population increase at more than its old rate, may even more clearly be seen from the following table of the years between 1870 and 1905: [1]

Year	*Population*	*Increase*	*Per Cent.*
1870	40,818,000	***	***
1875	42,729,000	1,911,000	4.7
1880	45,236,000	2,507,000	5.9
1885	46,858,000	1,622,000	3.6
1890	49,428,000	2,570,000	5.5
1895	52,280,000	2,852,000	5.8
1900	56,367,000	4,087,000	7.8
1905	60,641,000	4,274,000	7.6

It is evident that sooner or later a nation faced by such a situation must either submit to losses of its citizens by emigration to less thickly settled lands, and to their eventual absorption by the newer country; or else it must expand its own territories by colonization.

It is not Germany alone which has faced a similar condition. Continuing and increasing pressure of population is readily apparent in the following table of the yearly averages of the excess of births over deaths, which indicates essentially similar population problems in the four principal European states: [2]

	Germany	*Great Britain*	*Italy*	*France*
1861-1870.....	408,333	365,499	183,196	93,515
1871-1880.....	511,034	431,436	191,538	64,063
1881-1890.....	551,308	442,112	307,082	66,982
1891-1900.....	730,265	430,000	339,409	23,961
1901-1910.....	866,338	484,822	369,959	46,524

Great Britain, with its beggarly 120,000 square miles of

[1] W. H. Dawson: *Evolution of Modern Germany,* p. 336.

[2] E. J. Dillon: *Inside Story of the Peace Conference,* p. 428. The data are derived from *L'Information.*

land, could scarce afford standing room for all the men of English blood who have gone out to people a quarter of the globe. Japan, already overcrowded, is obeying the inevitable impulse to expansion, and even the United States—as yet hardly aware of the existence of a population problem—is sending emigrants from its territory with a population density of 30 to the square mile to the farm lands of Canada where the density is only two persons to the square mile.[1]

Overpopulation, by the stern logic of necessity, presents the modern state with the alternative either of seeing some of its best blood absorbed in other less populous lands and forever lost to it, or else of founding colonies in which the emigrants crowded out of the homeland may settle to build up a new part of the mother country, maintaining the old traditions and customs, forming a part of the political organization, and opening new markets for the output of the industries of the older state.

For there is a second motive, resulting from the increase in population, for the scramble after colonies among the great Powers in the last fifty years. An overpopulated state cannot be agricultural; it must turn to industry, and no state which is predominately industrial can hope to find a market within its own frontiers for all the goods that it produces. Its own citizens cannot consume, or cannot afford to consume, all that they make. The business men of such a state, finding their products going begging at home, seek for markets abroad, and invariably, not content with sales in foreign countries which are too often hopelessly hindered by tariff regulation, they demand the establishment of colonies as outlets for their wares.

Such is the condition which has arisen out of the gradual

[1] Contrast this with 780 to the square mile in Saxony, 659 in Belgium, 474 in Holland.

transformation of a great part of Europe into an industrial region, a transformation which has itself grown, in part at least, out of the increase of population. The increase of German population and the development of German industrialism have gone hand in hand with a decrease of German agriculture, since an agricultural country cannot be densely populated. When a people exceed a certain number, they must turn to the close living of an industrial community in order to exist, which means that they must produce far more than their factories have made before, and that they must consequently exceed their own capacity to use.

There arises in this way an industrial state of the modern type, with an increasing population and a decreasing domestic food supply, a state which must perforce look outside its own boundaries for its raw materials and its markets, and which must find them lest it starve.[1] For only in exchange for products sold abroad can it obtain the food which it must have to feed its people.

The dire straits to which Holland, although a neutral country, was reduced during the war, through the closing of lines of transportation, shutting her off from markets previously open, vividly illustrates the common European situation. Although the rich black soil of the country had at one time sufficed for the needs of the Dutch citizens, they, like other European nations, had come to be dependent on outside sources of supply when the war broke out.

These sources, one by one, were closed, more gradually than in the case of the belligerent states, but none the less actually and in some respects even more completely. In

[1] M. Maurice Ajam, head of the Comité de Commerce Français avec l'Allemagne, while in Germany in September, 1913, summed up the situation in a single sentence shorter than this one of my own: "Si l'Allemagne n'exporte pas, elle meurt." Ajam: *Problème Économique Franco-Allemande,* p. 25.

1918, moved by the menace of the submarine, the Dutch began to raise wheat. In one week the government slaughtered 50,000 cattle to keep them from starving, for there was no more fodder. If Holland raises wheat she must import fodder; if she raises fodder, she must import wheat, for her land is limited in area. It was difficult or impossible under war conditions to import either, and as a result of the slaughter of the cattle, the people lived for eighteen months practically without meat, upon an allowance of one-half pound of fat in ten days, one-tenth of a litre of milk a day, two pounds of bread in five days. The bread was made of potatoes, beans, peas, linseed—anything that was to be had as a wheat substitute. Consumption and dysentery ravaged the population, weakened physically from the food shortage; and in the last months of the war famine was a reality.

Yet Holland had always been accounted a rich and prosperous country. It was both rich and prosperous in 1914; but it was not economically self-sufficing. It suffered because it relied on outside sources of food supply.

But the industrial state—and every great Power in Europe is an industrial state in this sense—must look beyond its boundaries not only for the food that feeds its citizens, but also for the food that feeds its mills. There is not a state in Europe that does not look beyond its own borders for food, raw materials, and markets—in spite of the brave attempts made by Germany to be economically self-sufficing during the war.

Such a state must find raw materials, ore, lumber, dye stuffs, all that it uses in its industries. If it cannot get these commodities, its mills must cease to operate, its workers lie idle, and domestic disaster result.

A perfect example of this state of affairs may be seen in the German Empire at the outbreak of the war. Being a

manufacturing state, Germany required immense quantities of lumber, cotton, wool, silk, copper, platinum, mercury, manganese, aluminum, sulphur, and other raw materials, only a few of which could be found at all, and none in sufficient quantities, within her borders. Being a manufacturing state, hence a state rapidly ceasing to be agricultural, she required also foodstuffs adequate to the support of a population which the national fecundity was causing to increase constantly. She produced large quantities of coal. Iron, thanks to the annexation of the French provinces, she could supply in quantity almost sufficient for her needs; but the growth of German industry, unless the productivity of the mines kept pace with it, would in the end make difficulty even here.

The statistics of import and export for the two years immediately preceding the outbreak of the war, serve best to show exactly what was happening:

In millions of marks: [1]

Imports	*1912*	*1913*	*Exports*	*1912*	*1913*
Raw cotton	579.8	607.1	Machinery and parts	630.3	680.3
Wheat	395.8	417.3	Iron and iron goods	580.9	652.2
Raw wool	405.9	412.7	Coals	436.6	516.4
Barley	444.2	390.4	Cotton goods	421.6	446.5
Copper	313.0	335.3	Woollen goods	253.4	270.9

In other words, Germany was unable to produce her own raw materials, and had to look abroad for the raw cotton and wool for her textile industries; but was able to export the same commodities, manufactured, at a figure in excess of the value of the imports (representing, of course, the labor of skilled mechanics), even after the needs of the domestic population had been satisfied. It is also significant to note that Germany did not export any food products, except refined sugar; and one may perhaps pause to reflect that the

[1] *Statesman's Yearbook,* 1916, p. 957.

"iron goods" of which more than 600,000,000 marks were exported in 1913, included, among other products, Krupps' armor plate and artillery.

The vast disproportion existing between the export and the import of foodstuffs is to be seen with equal plainness in the same years. Thus, in 1912, the importations of agricultural products and foodstuffs in general were 7,100,-262,000 marks and in 1913 they were 7,036,738,000. As against this, the exports of the same commodities for the same years were 1,475,087,000 and 1,728,157,000 marks respectively.[1] Germany was, in other words, a state completely dependent upon other states for the raw materials in her most important industries, and for almost all the food of a population which averages 310 to the square mile.

A great part of these imports, interference with which would strike at the very life of industry and so at the life of the nation itself, came by sea—by the sea which was controlled by the chief commercial rival of the empire. At any time the British fleet could have stopped German industry. Until the war broke out in 1914 and the blockade shut down, it did not do so; but the industrial chiefs of the German Empire, working night and day to force their way into British markets and win them for their own, cast anxious eyes across the North Sea at the great fleet that waited, waited.

Germany's difficulties were not peculiarly her own, for in precisely similar fashion the United Kingdom itself is dependent upon imports for the maintenance of the industrial system. Cut off from importation—as Germany tried to leave her through the submarine campaign—the industries of Great Britain would be paralyzed while British

[1] *Statesman's Yearbook*, 1915, p. 950.

workers starved. Raw materials and food alike must come to Britain from the lands beyond the sea. Upon the supply of cotton from America depends the prosperity of the great Lancashire textile mills. For iron, silk, wool, cotton, lumber, and, most of all, for foodstuffs, Great Britain, like her enemy, had to turn to other lands.

Contrast of the imports and exports of foodstuffs and raw materials, revealing the enormous excess of the former, demonstrates the total dependence of the population of the United Kingdom on external sources of supply, and their helplessness the instant the lines of communication are cut. The excess of the imports of foodstuffs and raw materials over exports, and the corresponding excess of the exports of manufactures over imports, both show the entire dependence of an industrial state upon the world outside, whether for food, raw materials, or markets for manufactures. The following table makes this clear: [1]

In thousands of pounds sterling:

	Imports		*Exports*	
	1914	*1915*	*1914*	*1915*
Food, drink, and tobacco	296,969	381,901	44,390	47,380
Raw materials	236,532	287,341	110,571	106,929
Manufactured articles	160,490	181,515	362,723	314,569

The condition of France as regards imports and exports is essentially the same. The former are mainly food and raw materials; the latter primarily manufactured goods. The Republic is compelled to rely almost entirely upon other states for the supplies upon which her population and her industry depend. The figures of import and export of food, raw materials, and manufactures differ only in detail from those of Great Britain and Germany. The basic problem is identical with that of other European Powers. Statistics for 1912 and 1913, the two years imme-

[1] *Statesman's Yearbook,* 1916, p. 80.

diately preceding the World War, illustrate a situation long existent: [1]

In millions of francs:

	Imports		*Exports*	
	1912	*1913*	*1912*	*1913*
Food products	72	76	33	33
Raw materials	193	197	77	75
Manufactured goods	64	67	138	144

The most important commodities involved are:[1]

In millions of francs:

	Imports		*Exports*	
	1912	*1913*	*1912*	*1913*
Cereals	366.8	613.4		
Wool	684.6	698.8		
Raw silk	319.1	317.3		
Raw cotton	567.1	541.2		
Hides and furs	222.3	233.5		
Coal and coke	501.4	575.2		
Textiles (wool)			190.7	211.3
Textiles (silk)			292.3	374.7
Textiles (cotton)			384.7	367.4
Skins and furs			321.2	315.7
Automobiles			207.1	217.5
Raw wool			362.5	294.2

In an even worse plight is Italy, a state which, with a grave population problem and with large industries still capable of great development, is totally dependent on foreign sources for such indispensable commodities as iron, coal, and cotton. Precisely as in the case of Germany, England, and France, Italy is dependent, for the continuance of industry and for feeding her civilian population, upon the keeping open of lines of transportation, which includes the sea lanes by which the greater part of her imports come to her, and by which her exports reach their markets.

The economic difficulties of Europe are not confined to that continent. Step by step they have followed the adoption of western modes of life in the island Empire of Japan. Like European states, Japan has swiftly come to feel her boundaries binding her too closely, and the same series of

[1] *Statesman's Yearbook,* 1914, p. 835.

causes have been at work in the east as in the west—the more clearly because of the brevity of the period within which these changes have come about.

The population of Japan has increased very rapidly, and is growing today at the rate of nearly 600,000 a year. Estimates fix the number of Japanese in 1828 as 27,200,000. The population is known to have been 34,000,000 in 1875, and in 1903, including Formosa and the Pescadores, 50,000,000.[1] The density is 387 per square mile, only a little less than that of Great Britain, and the rate of increase is 34.2 per thousand, or 40 per cent. higher than that of Great Britain and very nearly that of the German Empire, to which in many respects Japan presents a close analogy.[2] The strides in population have gone on far more rapidly in the urban manufacturing centres than in the agricultural districts.

Such a growth of population must inevitably tax the capacity of any land, but the limit has been reached sooner in Japan than in Europe, because the islands of the Empire contain so little arable land. Allowing for the greatest possible agricultural extension, fully 80 per cent. of the whole area is such that it can never be tilled[3] and the per capita share of land suitable for cultivation is but one-half acre to each citizen.[4] It is small wonder, then, that it

[1] These figures are from K. Asakawa: *The Russo-Japanese Conflict,* p. 2. They are largely based on the *Fourth Financial and Economical Annual of Japan,* 1904, published by the Department of Finance.

[2] See R. P. Porter: *Japan, the Rise of a Modern Power,* p. 272, whose figures are based on the 1913 census.

[3] R. P. Porter: *Japan, the Rise of a Modern Power,* p. 269.

[4] These and the following figures are from K. Asakawa: *The Russo-Japanese Conflict,* pp. 3-5. They are derived from articles in the *Kokumin Shimbun* (*National News*), February 5, 10, 19, 1904, the *Toyo Keizai Shimpo* (*Oriental Economist*), May 5, 1903, pp. 17-19, and the *Twentieth Century,* pp. 119 ff. For the sake of convenience, I have reduced them all to bushels, with the ratio, 1 *koku* = 4.9629 bushels.

has been necessary for the new industrial state to begin to look abroad for food supplies, precisely as the states of Europe have been constrained to do.

Rice is the staple article of diet of the people, who of course differ in their needs differ in some respects from Europeans. In 1877 the production had been 132,013,000 bushels, but as the need for more food was felt, it was made possible, mainly through improved methods of cultivation, and with a land increase of only 465,000 acres, to raise this to 210,000,000 bushels in 1903. In the same period the production of barley, rye, and wheat (known collectively as *mugi*) rose from 47,644,000 bushels to 94,295,000 bushels. But little more land was available, and although the painstaking Japanese farmers were getting all that could be wrung from the paddy fields, the state already was forced to import both rice and *mugi*, for consumption already far exceeded production. Asakawa's estimates place the annual consumption of rice in 1903 at about 228,300,000 bushels, and of *mugi* at about 106,700,000.

How thoroughly the Mikado's people were becoming dependent on external sources of supply for a variety of commodities may be seen from the following table of the imports of food and raw materials:[1]

In yen:	*1902*	*1903*
Cotton	79,784,772	69,517,894
Wool	3,397,564	4,811,811
Rice	17,750,817	51,960,033
Wheat	240,050	4,767,832
Flour	3,278,324	10,324,415
Beans	4,956,000	7,993,411
Oil-cakes	10,121,712	10,739,359

Japanese imports today are, like those of European states, mainly food and raw materials, and the exports very largely

[1] K. Asakawa: *The Russo-Japanese Conflict*, p. 9. 1 yen = $.4984.

manufactures, although silk, tea, and copper offer exceptions. The latest information available is contained in the following table: [1]

In thousands of yen:

	Imports			*Exports*	
	1918	*1919*		*1918*	*1919*
Raw cotton	515,559	667,867	Cotton manuf.	396,213	394,294
Rice	89,776	162,220	Raw silk	370,337	623,919
Wool	60,146	61,304	Silk manuf.	70,178	101,539
Iron	204,789	156,579	Matches	27,743	32,968
Sugar	34,244	58,184	Refined sugar	23,252	21,627
Oil-cakes	92,255	135,189	Tea	23,058	18,402
Beans and peas	20,396	35,213	Copper	37,749	19,647

As in Europe, so in Japan, a population which was speedily coming to be purely industrial, could live only by importing its foodstuffs and raw materials, paying for them with its manufactures. Foreign trade had grown between 1873 and 1903 from 49,742,831 yen to 606,637,959 yen, and even in 1903, 84.6 per cent. of this trade consisted of manufactured articles.[2] In 1919 British calculations gave a total foreign trade of 427,219,194 pounds sterling.[3]

For these three reasons, then, a great modern state must possess colonies: to provide room for overflow of population within the national area; to bring under the national flag the sources of foodstuffs and raw materials; and to provide markets for the manufactures of the parent state. The United States, to be sure, furnishes an apparent exception to this rule. Our tradition is anti-imperialistic. We are without an empire and we do not at present [4] desire to

[1] *Statesman's Yearbook,* 1920, p. 1028.

[2] K. Asakawa: *The Russo-Japanese Conflict,* pp. 2-3.

[3] *Statesman's Yearbook,* 1920, p. 1027.

[4] The possession of the Panama Canal has led the United States into a course of action which may prove the germ of an imperialistic policy in the Caribbean Sea. Rear-Admiral Colby N. Chester, U.S.N., has characterized these waters and the Gulf of Mexico as "the larger Panama Canal Zone." American influence is paramount in Cuba; Porto Rico has been

possess one; but this is merely the attitude of a new people in a vast and as yet only partially developed country, where the pressure of population has scarcely begun to make itself felt, where the phenomenon of production beyond domestic needs has barely appeared, and where our immense wealth in natural resources leaves us largely untouched by the problem of raw materials and food supplies.

To the states of Europe, however, these problems are ever-present. They require new lands where their citizens, crowded out at home by the growth of the population, may settle, where new markets and new supplies of raw materials for the industries, and of foodstuffs for the people, of the fatherland, may be found. That their citizens should emigrate to other lands and be permanently lost to them is intolerable; and even though markets, raw materials, and foodstuffs might all be found in the territories of other nations (usually hedged about with tariff restrictions), none the less each state, facing the perpetual possibility of war, wishes to be economically self-sufficient within its own dominions.

Colonies they had to have; colonies they came to possess; and, once obtained, the colonies with the routes that led to them had to be defended. Out of this sprang the competition in military and naval armaments; and the effort to construct great fleets necessarily involved a scramble for naval bases and strategic points only a shade less undignified than that for colonies.

South America, Asia, and Africa were the undeveloped

annexed; the Virgin Islands purchased from Denmark; the Canal Zone leased from the Republic of Panama; Fonseca Bay leased for 99 years from Nicaragua; and administrative or financial supervision begun over the Dominican Republic and Haiti. See J. H. Latané; *From Isolation to Leadership,* pp. 132-133, and Admiral Chester's address, "The Present Status of the Monroe Doctrine," in the *Annals of the American Academy of Political and Social Science,* 54:20-27, Jy., '14.

lands that could be exploited. American pride leads us to believe that it is our veto upon further colonization in South America, expressed in the Monroe Doctrine, that has prevented European expansion there; but it is at least significant to note that upon each of the three occasions when the Doctrine has been tested, the European Balance of Power has operated to uphold it and to prevent the seizure of territory or the establishment of a recognized "sphere of influence." [1] Whether because of the Monroe Doctrine

[1] The three chief tests of the doctrine have been: 1. *The French invasion of Mexico, 1861-1866.* Designed to place Maximilian on the throne, the attempt ended in the withdrawal of the French troops supporting the ill-fated Empire, under the combined influence of American threats and Napoleon III's fear of the rising power of Prussia, which crushed Denmark in 1864 and Austria in 1866. American representations were by no means to be neglected at this time, however, since the United States had at its disposal, after the collapse of the Confederacy, a large and well-trained army.

2. *The Venezuelan boundary controversy with Great Britain in 1895.* Great Britain yielded her claim to extend the Guiana boundary at the expense of Venezuela, but three dates make her motives fairly clear. President Cleveland's Message to Congress on this subject was transmitted December 17, 1895. The Jameson Raid in the Transvaal occurred December 29, and the famous telegram of sympathy from the German Kaiser to President Kruger was sent January 3, 1896.

3. *The blockade of Venezuela by Great Britain, Italy, and Germany.* This has been regarded as a *ballon d'essai* on the part of Germany, with a view to subsequent colonization in South America if the United States failed to stand firm in support of the Monroe Doctrine. When, however, Italy and Great Britain withdrew and accepted arbitration of their claims, the British navy stood behind the Doctrine.

Professor J. H. Latané's comment on the rôle of the European Balance of Power in maintaining the Monroe Doctrine is applicable here: "While England has from time to time objected to some of the corollaries deduced from the Monroe Doctrine, she has on the whole been not unfavorably disposed toward the essential features of the policy. The reason for this is that the Monroe Doctrine has been an open-door policy and has thus been in general accord with the British policy of free trade. The United States has not used the Monroe Doctrine for the establishment of exclusive trade relations with our southern neighbors. . . . There has, therefore, been little rivalry between the United States and the Powers of Europe in the field of South American commerce. Our in-

or because of the mutual jealousy among the European Powers, or because of the strength of the British navy, the fact remains that the further acquisition of territory in the Americas by European states has been blocked since the announcement of the Doctrine by President Monroe in 1823.

Only Asia and Africa, then, lay open to the colonizing powers, and in both continents the lands of the native states have been gobbled up mercilessly, on the flimsiest pretexts and seldom with any real justification of the high-sounding talk of "vital interests," "spheres of influence," "the advance of civilization," and "the white man's burden."

But if colonies are to furnish an outlet for a surplus population and for surplus manufactures, if they are to supply the mother country with the raw materials necessary to her industries, the trade routes leading to them must be free at all times. Great Britain, the first in the modern colonial field had seen this before the rest of the European states, and with a powerful fleet, with her troops safely ensconced in half the strategical locations of the earth, and with commanding positions on all the trade routes to her most important colony, India, she possessed the command over the sea lanes of which the other powers more and more came to feel the need.

terest has been political rather than commercial. We have prevented the establishment of spheres of influence and preserved the open door. This situation has been in full accord with British policy. Had Great Britain adopted a high tariff policy and been compelled to demand commercial concessions from Latin-America by force, the Monroe Doctrine would long since have gone by the board and been forgotten. Americans should not forget the fact, moreover, that at any time during the past twenty years Great Britain could have settled all her outstanding difficulties with Germany by agreeing to sacrifice the Monroe Doctrine and give her rival a free hand in South America. In the face of such a combination our navy would have been of little avail. . . ."—J. H. Latané: *From Isolation to Leadership,* pp. 52-53.

With the exception of the Kiel and Panama Canals, there is not a strategic point upon the trade routes of the world that Great Britain does not control; and today the German dominance over the former has been ended, while the foreign policy of the United States is such that the American ownership of the Panama Canal is an adequate guaranty of the safety of British trade without putting the Empire to the trouble of controlling it.

The best single instance of the importance to modern industrial nations of trade routes in general, and of the command of the approaches to rich colonies in particular, is to be seen in the British policy of winning every one of the approaches to India. Throughout the entire Nineteenth Century and until their design was accomplished in the Twentieth, British diplomats have bent every effort towards securing the points of dominance along every possible avenue leading to the Indian Empire, whether on land or sea. The policy may have been to a degree unconscious in the statesmen who initiated it; but in later stages its objects have been defined with perfect clearness, until in the first twenty years of the present century the work of over a hundred years was brought to completion. The last and frankest statement of this century-long effort of Great Britain was made by Winston Spencer Churchill, in an interview given to an American journalist during the war:

"History will vindicate the Dardanelles expedition. It was planned with the sole idea of cutting and keeping closed the German road to India." [1]

Because of India, Great Britain made war on Napoleon in the Mediterranean, in Egypt, and in Syria. When Mohammed Ali set out from Egypt to overthrow the Ottoman

[1] Isaac F. Marcosson: *Adventures in Interviewing*, p. 154.

Empire, he found a British army confronting him in Syria, just as Napoleon had, and for the same reason—to prevent any threat to the safety of the Indian Empire which is economically all-important to Britain. At the Congress of Berlin the English asked only for the possession of certain of the approaches to India—Malta, the Cape of Good Hope, Mauritius, the Seychelles, and Ceylon. In defiance of public opinion and the common sentiment of Christendom, British foreign policy opposed the aspirations of the Balkan states for independence and condoned the barbarous massacres of Christians by the Turks, lest the route across the Isthmus of Suez (safe enough whilst the important Ottoman Empire held Constantinople) should be threatened by its weakening, and lest Russia might then establish herself instead of Turkey on the Golden Horn, at a time when Russian expansion south and east through Asia was regarded as threatening to India.

It was to prevent such an occurrence that Disraeli was ready to start another war with Russia, did in fact set the British fleet in motion, rather than permit the Treaty of San Stefano to stand, and Russia to push nearer to the possession of Constantinople. Because the proposed construction of the Suez Canal opened a new route to India which would be in possession of another Continental Power, Great Britain opposed it; but when—protest having been without avail, and the canal having been constructed—the Prime Minister, Disraeli, was able to buy hurriedly from the bankrupt Khedive of Egypt enough of the stock to give the Empire an opportunity to control the canal, English foreign policy made an abrupt aboutface.

No longer was the Ottoman Empire useful as a guardian of India, and her quondam friend was the first to attack the integrity of the imperial territories. Cyprus first, then Egypt, with only the flimsiest disguises, were transferred to

British hands, and only then did the Balkan policy change, and only then were the oppressed Balkan nations permitted to seek what were, for one in the game of international politics, "legitimate aspirations."

For the further protection of India, Great Britain entered upon an effort for the control of the passages into the Indian Ocean, the Gulf of Bengal on the east, and the Arabian Sea on the west, and of the passages from the Indian Ocean into these two smaller bodies of water. Soon it was found necessary to secure control of the shores of the Arabian Ocean and of the Gulf of Siam, and then the policy began to be extended to the *Hinterland* as well.

Surely, however, the enormous fleet of Great Britain was sufficient to protect the sea lanes leading to India, once it was assured that no hostile power could possibly find footing on the neighboring coasts. No, for a modern fleet in being, imposing as its power may be, is in another sense a very delicate and sensitive mechanism. The modern war vessel, like any other complex mechanism, gets out of order easily. Difficulties with engines, electric lighting, electric ammunition supply, electric fire control, injuries to hull, to wireless, to superstructure, to bulkheads,—any one of these may reduce the most powerful fighting structure afloat to relative impotence. Because of this, a great Power must have naval bases scattered throughout the world, points where a warship may find drydocks, skilled mechanics, and an opportunity to refit.

More than this, there is the perpetual problem of fuel supply. The quantity of coal used by a Dreadnaught or a battle cruiser is tremendous; and even though the modern oil-burning vessels have modified the fuel factor so as to extend the cruising radius, they must in the end face the same problems. It must be remembered that, although in time of peace a warship may revictual and refuel in any

port, in time of war international law (which in this point, at least, is likely to be observed) permits the supply by a friendly Power of only 24 hours' fuel, or of enough to permit the vessel to reach its nearest home port.

Since fleets are planned and administered for use in time of war, naval bases must be located with reference to their needs under such conditions, and therefore if the British fleet is to protect India, there must be naval bases in the Mediterranean, in the Far East, and conveniently near the Indian Ocean. Not only this, but, since the needs of a possible hostile fleet would be essentially identical with those of the British fleet, against which it would operate in these very waters, foreign naval bases must be excluded from this territory. The obvious solution is to grab all points available, if not for British use, then to keep other powers from gaining a foothold.

So it is that from a fundamentally economic motive—the protection of a profitable colony—we find the acquisitions of a century accounted for, some won while the evolution of modern navies was barely beginning to make the problems of the naval policies of today apparent, others the spoil of very recent years. This is why we find on the routes to India a veritable chain of British possessions: Gibraltar, dominating the entrance to the Mediterranean, Malta, Cyprus, guarding the trade lanes within the sea, the approaches to Egypt and the Suez Canal, and through them, the approaches to India itself. Egypt has long been in British hands for all its nominal allegiance to the Sultan; even this cloak is now thrown off. Beyond the canal lie Aden, Perim, and the Sudan, all in British control, all guarding India, all making for the convenience of the British power in wartime—all the logical outgrowth of a colonial policy which is itself the outgrowth of economic need.

In the west, Sokotra, the Seychelles Islands, and others, and the Bahrain Islands in the Persian Gulf, keep out intruders. At the southern extremity of India, Ceylon (itself an economic asset as well as a strategic) serves for defense, as do the islands in the Bay of Bengal; and further to the east, Singapore, the Malay Peninsula, and the north shore of Borneo ward off attack by way of the Pacific.

In order to establish a strategic frontier to the north, mainly in fear of Russian aggression, Great Britain has worked for years, with constant wars against natives not wholly appreciative of the advantages of British *Kultur,* and with equally constant friction with Russia and the eternal possibility of a Russian war. During the years between 1875 and 1903 Baluchistan was gradually brought under British rule. Afghanistan, extending north and east, one of the two main keys to India, was forced to accept British dominion with nominal independence, after invasions in 1839, 1842, 1878, and 1880. In 1907 the Anglo-Russian agreement further strengthened the British hold on India by eliminating the possibility of imperialistic aggression from the north.

Tibet is not yet British, but it has already been invaded by expeditionary forces, and would undoubtedly have been the scene of further massacres (for that is what the combats between trained British troops and the untrained and ineffective Tibetan natives amounted to) had not the agreement of 1907 put an end to territorial rivalry and given at least a temporary assurance that—with the prospect of Russian seizure put away—there could be no threat to India from a province under the suzerainty of the weak Chinese Empire.

Nepal and Bhutan, except for Afghanistan the only remaining "independent" states on the Indian border, are secured to the British by large subsidies and strictly enforced

promises of "good behavior." Part of the latter was annexed in 1864 and in Bhutan there has been a British Resident for a century.

India furnishes an example on a large scale of the way in which the necessity for the possession of colonies in turn leads to the necessity for a fleet, which in its turn leads to the need for naval bases; and it furnishes an example, too, of the way in which the protection of trade routes demands the control of every important point along them that the colonial Power can secure. It shows also the likelihood of native wars for the "rectification" of a "scientific" frontier.

The creation of a fleet by one power for the protection of its colonies is an implied threat to the safety of the colonies of other powers and to their trade, through the eternal possibility of the stoppage of the sea lanes. If the threatened powers possess fleets or begin to build them, we have the germs of naval rivalry, in itself an incentive to war through mutual fear, through mutual jealousy, and through the chauvinism of the rival naval castes.

All of this springs from colonization and the protection of trade routes, and we have seen the chain of economic causation by which the need for colonies and the imperative necessity of foreign trade grows from overpopulation, creating an industrial civilization, which brings about excessive production and the need for food, raw materials, and markets beyond those that the home state can furnish. In other words, the disputes over colonies which have lain at the root of the wars and likewise of the international dissensions which have threatened wars for the last half century, have—whatever their immediate and ostensible causes—had an economic root in rivalry for markets and raw materials. National rivalry, naval rivalry, military rivalry, colonial rivalry are but different forms of the fundamental and

underlying economic rivalry among modern nations. Such economic rivalry is the natural result of growing populations and of production beyond their own needs among the states of Europe, which have become increasingly industrial and decreasingly agricultural because of this very growth of population.

Having examined the general principles out of which wars have sprung, and having seen how it is, in general, that modern wars may be produced, let us examine, one by one, the wars of the last quarter of the Nineteenth Century and of the beginning of the Twentieth Century. In each we shall discover an economic factor, whether immediate or derived. In each we shall find causes other than economic; but in every one (ranging from minor conflicts with native tribes in the pursuit of colonial policies, to hostilities between two great Powers, and finally to the catastrophe of the World War) we shall find the economic factor, more or less disguised.

Let us not be deceived by words. "Legitimate aspirations," "national ambitions," "hegemony," "special interests," "spheres of influence," "national security"—most of these are nothing save high-sounding phrases, gracefully glossing over stark economic desires, needs, greeds, ambitions, and savagely bitter rivalries.

CHAPTER III

THE ECONOMIC MOTIVES OF THE WARS OF THE WORLD: 1878-1914

THE year 1878 is one of the most momentous in European history, marking as it does the beginning of the movements which ended in the formation of the two great alliances whose feuds, jealousies, and suspicions found their natural culmination in the World War of 1914. It is from the Congress of Berlin, held in this year to readjust the peace terms imposed upon Turkey by the victorious Russians in the Treaty of San Stefano, that the epoch of tremendous armaments under which Europe has groaned for the last half century may properly be dated. Wars there have been before this date, and preparations for war, but never on such a scale as have developed in our own time through the national rivalries fostered by underlying economic conflicts.

The Congress of Berlin marks the close of the period of nationalist revolutions and wars in Europe. With one or two exceptions, all the European states had attained stability in their constitutional systems. From this time on, diplomatic ambition tended more and more to extra-European interests; but the alliances that resulted from the Treaty of Berlin did not make easier the solution of the vexing questions of international economics that were to come. Our planet had grown into an economic whole. There was no precedent in statecraft for such a world situation.

The root of half the international unrest in Europe is to be found in this treaty, in the hatreds, dissatisfactions, and

injustices which it created; and the wars which have succeeded it, show with greater clearness than ever before the importance of the economic factor in the causation of war.

The Congress of Berlin itself may be said to have arisen from economic causes, for it was the result of British insistence upon blocking the Russian movement towards Constantinople—a policy which was itself of economic origin. The desire of Russia for the possession of Constantinople is the natural demand of an enormous *hinterland* for an outlet upon warm water. Russia, primarily an agricultural land, has always been denied access to the sea, in spite of her thousands of miles of coast. Archangel, her northern port, is insufficient because of the ice which closes it for half the year. The port of Vladivostok, opening on the Pacific, had not then been established, and even today is inadequate to satisfy the needs of the Empire; and the Baltic ports were too few in number to serve as outlets for so large a territory. Constantinople is so situated that it can at any time command complete control over the commerce of southern Russia, passing from the Black Sea out into the Mediterranean. The Sultan's interdict upon the passage of war vessels, effectually enclosing the Black Sea fleet and facilitating the British defense of the Suez Canal, eliminated Russia as a naval power in the Mediterranean, since operations conducted from a Baltic base were wholly out of the question. Russian eagerness for the possession of this historic city has been an assumption in international politics for a century at least.

So much for the economic motives on one side; they found themselves blocked by economic motives almost as powerful on the other—an economic rivalry which made itself felt in Continental and colonial affairs constantly until the final adjustment of Anglo-Russian differences in 1907. British fear of the results in India of Russian ex-

pansion had made it a cardinal principle of foreign policy to check Slavic expansion in any direction, and especially towards Constantinople, which then dominated the land routes now followed by the Suez Canal. It is largely in following out this fundamentally economic policy that Great Britain had fought Russia in the Crimea in 1854-56; and after the building of the Canal and its passage into British hands, it was more than ever important that no power should be allowed to establish itself on the Bosphorus which might ever be either capable or desirous of threatening the vital artery that led straight to the richest colony of imperial Britain.

At the outbreak of the war with Turkey in 1877, the Tsar had given his word that he had "not the smallest wish or intention to be possessed of Constantinople." The Turks capitulated early in the following year, as the Russian armies were moving out of Adrianople against the last line of defense remaining in front of the Turkish capital; and in the peace of San Stefano, Russia, flushed with victory, had imposed terms of peace which left Constantinople to the Turks indeed, but which carried Slavic territory to their very doors, by the erection of an enlarged Bulgaria which would include all of eastern Rumelia, and which would extend Russian influence so near to the all-important city as to be, in the British view, dangerous in the extreme.

The Treaty of San Stefano was unsatisfactory to the other Great Powers for a variety of reasons. To Great Britain, the weakening of Turkey which would result from it, meant the possibility of Russian development which might become threatening to her colonial possessions; and this fear, economic in origin, was enhanced by the creation of the new Bulgarian state, which, it was thought with good reason, would be a mere appanage of Russia and

which would certainly be an extension of Slavic power. To Austria-Hungary the treaty was equally unsatisfactory, because it increased Russian influence in the Balkans to such an extent that the Austrian ambition for the development of her influence in the regions in which lay some of her most important markets might have to be modified or abandoned.

Bismarck, professing entire disinterestedness, but really desirous of having a finger in the international pie for the sake of maintaining the German hegemony which he had so dearly bought, offered his services as a mediator (or, in his own phrase, as an "honest broker"), between the conflicting interests of the Powers. The Congress of Berlin met for its first session at two o'clock in the afternoon of June 13, 1878. After a month of stormy sessions (during which the Russian plenipotentiary, Prince Gortchakoff, and the English Prime Minister, Lord Beaconsfield, both threatened to break off negotiations) the Treaty of Berlin was finally patched together. England checked Russia at the Bosphorus, for Macedonia was secured to Turkey, thus keeping the Slavs at a distance from Constantinople and the route to India. Bulgarian boundaries were so drawn as still more to halt the extension of Slavic power. Austria-Hungary secured her "rights" in Bosnia-Herzegovina, the privilege of administration and the right of maintaining a military force in the neighboring Sanjak of Novi-Bazar, which was later to acquire a peculiar economic importance in connection with the Bagdad railway.

The most immediate and obvious international result of the treaty was the abrupt ending of the era of good feeling which had hitherto existed between Russia and the new German Empire, an event which roused Bismarck to the necessity of securing an Austrian alliance against the Russian attack which seemed imminent. On October 7, 1879,

this alliance was concluded. Its most important provisions were:

"1. Should, contrary to the hope and against the sincere wish of the two High Contracting Parties, one of the Empires be attacked by Russia, the High Contracting Parties are bound to stand by each other with the whole of the armed forces of the Empires, and, in consequence thereof, only to conclude peace jointly, and in agreement.

"2. Should one of the High Contracting Parties be attacked by another Power, the other High Contracting Party hereby binds itself, not only not to stand by the aggressor of its High Ally, but to observe at least an attitude of benevolent neutrality towards its High Contractor.

"3. If, however, in such a case, the attacking Power should be supported by Russia, either in the form of active co-operation or by military measures menacing to the party attacked, the obligation defined in Clause I of reciprocal help with the entire armed strength comes immediately into force in this case also, and the war will then also be waged jointly by the Two High Contracting Parties until the joint conclusion of peace."

Germany was thus secured against attack by Russia, or by Russia aided by France; and assured, too, of the neutrality of Austria in the event of an attack by either of those powers acting alone.

To make assurance doubly sure, Bismarck still desired a third member of the alliance, and he turned to Italy as the only available power. To reconcile the Italians to becoming the allies of Austria, their traditional foes, the astute German Chancellor had recourse to playing upon the economic desires of France and Italy and stirring up the latent colonial rivalry between them. Realizing perfectly that both states wished to expand in Tunis, he is said to have given France secretly to understand, in 1882, that there would be no German opposition to her occupancy of that land; and then to have taken advantage of the Italian in-

dignation at being anticipated in colonization by the French, to draw a third member into the German-Austrian alliance.

The existence of such a Triple Alliance was a tacit threat to the other Powers of Europe. It could be met only by the formation of a rival alliance, and towards this inevitable event history gradually shaped itself. France and Russia formed a Dual Entente in 1891, almost ten years afterwards. England, by the agreement with France in 1904 and with Russia in 1907, became practically a part of a league which, not so closely knit as was its rival, is best described in the phrase usually applied to it—the *Entente.*

In the Congress of Berlin we have, then, the origin of the two alliances which have divided Europe ever since. The history of the wars of Europe, from this time on, is the history of the colonial ambitions, commercial enterprises, economic difficulties, of one or the other of them. Although never until 1914 did the two great groups of powers come to grips, yet every one of the component states has been involved again and again in wars in which the economic motive was predominant; and in each case the issue has been affected by the existence of the alliances and the ever-present possibility of the two groups' becoming involved as wholes. During this period the industrial changes of the century became complete. From 1878 we have a new relationship in the affairs of Europe, and from this year we may begin our survey of the economic rivalries which have produced its wars.

Two more events mark the year 1878 as significant in the history of Europe. One was the return from Africa of Henry M. Stanley, sent thither by the New York *Herald* to find the missionary, David Livingstone. Though it lies at the very doors of Europe, though its northern coast had

supported a flourishing civilization when all Europe was a wilderness, and though eight generations of European mariners had circumnavigated the continent on their way to India, Africa was an almost unknown land. That it had been permitted to remain so while distant America was growing into a great state, is due to the peculiarly inhospitable character of the coasts. The vast and fertile interior plateau is nearly everywhere shut away from the sea, either by parched deserts or malarial swamps, while the great rivers, with courses interrupted either by falls or rapids, hold out little inducement to the navigator. Except for English and Dutch settlements at the extreme south, the French in the extreme north, a few trading centres on the West Coast, and some all but derelict Portuguese stations in Angola and Mozambique, the whole continent lay available for exploitation by European powers upon whom economic pressure was just beginning to be galling. Only in the light of the last fifty years can the true significance of Stanley's return be appreciated. It meant the opening up of a Continent, old but new, and of a host of economic rivalries which were to imperil the peace of the whole globe.

The other event was the announcement of the invention by the English metallurgist, Sidney Gilchrist Thomas, of a new method of manufacturing steel of the first quality from phosphorus-bearing ore. Continental ironmasters, especially the Germans, had profited little from Sir Henry Bessemer's earlier discovery of a method of converting pig iron into steel, for Bessemer had based his process on experiments upon English ores without phosphorus, and it was inapplicable to the rich ore deposits of Lorraine, which contained much of this element. Although the English manufacturers failed to appreciate the enormous significance of Thomas's new process, their German rivals were

more alive to its value; and with it as a foundation they began the vast development of the German iron industry which won world supremacy in the most important commodity of the Age of Steel. It was by the adoption of an Englishman's invention and the seizure of the French iron fields that they were able to win it. Thomas, through his discovery, was unwittingly helping to initiate the struggle for iron fields which was one of the most important phases of the forty years of bitter economic rivalry that followed, culminating in a world war.

More convincing than *a priori* discussion of the economic causes which produce war, is examination of the history of the period since 1878 and a study of the genesis of the wars that have occurred during that time. How does the theory of the economic chain of causation which makes war inevitable bear application to the events of history? The question is to be answered only after scrutiny of the fundamental causes of the wars that have actually been fought. According to the theory outlined in the last two chapters, the great wars of the period should be traceable—not directly, perhaps, but always ultimately—to economic causes. Rivalry for colonies, the desire for trade routes, the attempt to secure the naval bases essential to both of them, naval rivalry born of colonial policy, the desire for markets, food, or raw materials—these should be found, if the chain of causation is valid, at the root of the wars that have been fought since the world became an economic unit—roughly, since the Treaty of Berlin.

An exhaustive list of the military operations since 1878 shows that during forty years there have been only four in which the world was everywhere at peace: 1886, 1888, 1889, and 1910.

Wars of the World: 1878-1918[1]

1878-1882—Afghan Wars (Great Britain and Afghanistan).
1879-1883—Nitrate War (Chile against Peru and Bolivia).
1879 —Zulu War (British campaign against the Zulus).
1880-1881—First Boer War (Great Britain and Boer settlers).
1881 —Russian operations in Turkestan.
1882-1885—French colonial wars in Annam.
1882-1898—British occupation of Egypt.
1883 —Military revolt in Spain.
1884 —Russian operations in Afghanistan.
1885 —Serbo-Bulgarian War.
1885 —Bulgarian Revolution.
1887 —First Abyssinian War (Italian invasion of Abyssinia).
1890 —War between Guatemala and San Salvador.
1891 —Military revolt in Portugal.
1891 —Chilean Revolution.
1892 —Revolts in Argentina.
1892 —French operations in Dahomey.
1892 —Revolt in Venezuela.
1893 —Hawaiian Revolution.
1893 —Revolt in Sicily.
1893 —Spanish operations against Moors.
1893 —Brazilian Revolution.
1893 —Argentine Revolution.
1894 —Hottentot Revolt in German Southwest Africa.
1894-1895—Chino-Japanese War.
1896 —Insurrection in Crete.
1896 —Anti-Armenian riots in Constantinople.
1895-1896—Ashantee War (Great Britain against Ashantee tribesmen).
1896 —British bombardment of Zanzibar.
1896 —Revolt in Philippines.
1896 —Second Abyssinian War (Italians against Abyssinians).
1897 —Greco-Turkish War.

[1] This list is from data compiled in the library of the General Staff College, United States Army.

1895-1898—Cuban Insurrection.
1898 —Spanish-American War.
1899-1900—Philippine Insurrection.
1899-1902—Second Boer War (Great Britain against Transvaal and Orange Free State).
1900-1901—Boxer Uprising and Allied Relief of Peking.
1901 —Colombian Revolution.
1902 —British operations in Somaliland.
1903 —British operations in Tibet.
1903-1908—Herero Rising (German operations against natives of German Southwest Africa).
1904-1905—Russo-Japanese War.
1908-1909—Civil War in Morocco.
1908 —Italian operations in Somaliland.
1908 —Haitian Revolution.
1909 —Rebellion in Santo Domingo.
1909 —Civil War in Nicaragua.
1911 —Italo-Turkish War.
1912 —Mutiny of native troops in French Morocco.
1912 —Mexican Revolution.
1912-1913—First and Second Balkan Wars.
1914-1918—World War.

For convenience, this list may be reduced by the elimination of racial riots, revolutions in South American states, and minor wars with savage tribes. Study of the causes of such minor military operations as are involved in these trifling conflicts and in the revolutions of unsettled states, sheds little light on the main problems of the causes of international war. Operations against savages which are directly due to the invasions of white settlers, are obviously the outcome of the economic conditions sketched in the last chapter, which make necessary the colonization that is necessarily resisted by the natives of the colonized lands. A few such campaigns, selected so as to be typical of all, are sufficient to illustrate the strictly economic character of these struggles. Yet the list of the wars of the last

forty years, thus reduced, must be sufficiently extended to include all the major international conflicts of the period and the more important wars of colonization. With these eliminations, twenty wars remain to be considered:

The Principal Wars: 1878-1918

1878-1882—Afghan Wars.
1879 —Zulu War.
1879-1883—Nitrate War.
1880-1881—First Boer War.
1882-1898—British Occupation of Egypt.
1882-1885—French Colonial Wars in Annam.
1885 —Serbo-Bulgarian.
1887 —First Abyssinian War.
1894-1895—Chino-Japanese War.
1895-1898—Cuban Insurrection.
1896 —Second Abyssinian War.
1897 —Greco-Turkish War.
1898 —Spanish-American War.
1899-1902—Second Boer War.
1900-1901—Boxer Uprising.
1903-1908—Herero Rising.
1904-1905—Russo-Japanese War.
1911-1912—Italo-Turkish War.
1912-1913—Balkan Wars.
1914-1918—World War.

One fact leaps to light immediately: namely, that five of these conflicts, omitting the World War of 1914-1918, have occurred—whether rightly or wrongly—as a result of the spread of the British imperial dominion, made necessary by economic pressure. These are the Afghan Wars of 1878–1882, which, as we have already seen, had to do with safeguarding the rich British possessions in India; the Zulu War of the same year, which was made necessary by the spread of British rule in South Africa; the Egyptian

War of 1882, which, with the subsequent fighting in the Sudan, was a natural consequence of the British interference in Egypt, a measure in itself intimately connected with the protection of the Suez Canal and the trade route to India; and the two Boer Wars in South Africa, one lasting from 1880 to 1881, and the second from 1899 to 1902, and taxing the resources of the entire Empire, both results of the friction growing out of the British colonial policy.

Seven more of the wars upon the list have their origin directly in colonies or colonial administration: the two Abyssinian Wars, the Cuban Insurrection of 1895-1898, leading directly to the Spanish-American War, the little colonial war of the French in Annam, the Herero Rising in German Southwest Africa, and the Italian-Turkish fighting over Tripoli in 1911.

Both the Chino-Japanese and the Russo-Japanese Wars were the direct outcome of imperial expansion and of economic rivalry, for the first resulted from the rivalry of the two nations in Korea, and from Chinese supineness before Occidental greed, which aroused Japan's fears for herself; and the second from economic difficulties in Korea and China.

Fourteen of these twenty wars can be seen at first glance to have been at least partly economic in their origin, for they have resulted from colonial expansion, which we have seen is due to economic needs; and since the war between the United States and Spain was a result of the economically caused Cuban Insurrection, it, too, may be set down at once as having economic conditions at its root, without consideration of the economic interests of the United States in Cuba, which were officially avowed as one of the reasons for entering upon hostilities. To these, two more must be added: the Nitrate War between Chile, Peru, and Bolivia, which was avowedly a quarrel over territories

in which valuable minerals existed, and the war of 1914-1918, the greatest and most terrible of all, presenting the most complex network of colonial rivalries, economic struggles, tariff discriminations, naval rivalries, efforts to secure raw materials, and other causes which have their roots in economics. Apparently, then, on cursory examination, sixteen of the twenty wars since the Congress of Berlin have had self-evident economic causes.

In scrutinizing the origins of these wars, one by one, three groups of facts are to be determined: first, the several causes which contributed to each war; second, the existence of an economic motive for risking hostilities; and third, the importance of this economic motive in relation to the other causes. Frequently the underlying cause of hostilities does not appear directly, and a war appears to be solely the result of non-economic factors, until the immediate causes, upon further examination, are seen to be the outcome of trade rivalry or the desire to protect economically important colonies, and hence, in their essence, economic. The first, taken in chronological sequence, is the Afghan War of 1878–1882.

THE AFGHAN WAR, 1878-1882

The two British wars in Afghanistan, the first in 1838-1842, and the second in 1878-1882, rose directly out of the rivalry of Great Britain and Russia in their colonial expansion. The Russian Empire had spread itself gradually across Siberia and southward at the same time that the British Empire was spreading through India and northward, so that collision came, as was inevitable, in Persia and Afghanistan, which lay as buffer states between the two expanding Powers. The comparison made by Lord Lytton just after his appointment as Viceroy of India, in

a speech to an Afghan envoy, is very applicable, although scarcely calculated to soothe the feelings of the Amir of Afghanistan. The little native state, said the representative of the British Crown, was in the predicament of "an earthen pipkin between two iron pots."

The Afghan wars were wars of defense—defense of the rich British dominions in India against possible Russian aggression through Afghanistan, with no consideration whatever for the rights and preferences of the Afghan nation as to the rôle it was to play. They were the result of the colonial and economic rivalry then existing between two great and constantly expanding empires. They were fought to secure the safety of a rich colony which was necessary to the economic needs of Great Britain.

Afghanistan lies in the hill country to the north, and through it, three passes open into India, of which the most important is the famous Khyber Pass. So long as Russia remained the enemy of Great Britain, the mere possibility of her establishing herself in Afghanistan was a direct threat to the safety of the Indian Empire; but although Russian intrigues looking to this result had long been in progress, they had met with no success.

The Afghans are a proud and savage race of mountaineers, fanatic in their adherence to the Moslem faith, bitterly opposed to the presence of foreign influence in their country, good fighters; and the Amir, aside from the irregulars furnished by the hill tribes, had at his command, in 1879, an army of about 120,000 men. In 1838-1842 the British had attempted armed intervention in the internal affairs of Afghanistan, with a view to setting up in Kabul, the capital, a government which would be favorable to them. The attempt ended in almost complete failure and disaster.

The international situation in 1878, after the Russian successes against the Turks and the Treaty of San Stefano, had further alarmed the British and had brought the Afghan question to a crisis. It was evident that a Russian onslaught upon India would come through Afghanistan if it ever came; but as to the best method of meeting it, there were two opinions. Military leaders and high officials of the Indian Civil Service had long held that the protection of the British frontier was best left in the hands of the Afghans themselves, who would certainly resent the presence in their country of a Russian invading force. The Russians would thus have to make their way through a mountainous country without railways, exposed not only to the attack of the regular Afghan army, but also to the forays of hill tribes, which, even when hostile to the Amir's forces, would join with them against a foreigner. After their own experience in 1838–1842, the British officers were not disposed to underestimate the fighting qualities of the Afghan. The Russian invading army, then, could meet the British only after a long and difficult march, and after waging with Afghanistan a war which might induce the Afghans to accept British assistance. It was felt by the exponents of this view that the effort to obtain a "strategic" or "scientific" frontier at the expense of Afghanistan would be more than offset in its advantages by the hostility thus incurred among the natives, by the uncertainty of communications, and by the increase of the distances between the British advanced posts and their bases in India proper.

In the words of the distinguished British war correspondent, Archibald Forbes, who accompanied the troops in both campaigns: [1]

[1] Archibald Forbes: *The Afghan Wars,* p. 162.

"The relations between Shere Ali (Amir of Afghanistan) and the successive Viceroys of India were friendly, although not close. The consistent aim of the British policy was to maintain Afghanistan in the position of a strong, friendly, and independent state, prepared in certain contingencies to co-operate in keeping at a distance foreign intrigue or aggression; and while this object was promoted by donations of money and arms, to abstain from interference in the internal affairs of the country, while according a friendly recognition to the successive occupants of its throne, without undertaking indefinite liabilities in their interest. The aim, in a word, was to utilize Afghanistan as a 'buffer' state between the northwestern frontier of British India and Russian advances from the direction of Central Asia."

About 1867, however, there began to creep in among army officers the notion that advanced posts in Afghanistan would be an advantage in meeting Russian attack. In general it met with little approval among professional soldiers in the Indian Army; but the scheme did find favor in London with the members of the Cabinet, the Conservative party being then in power, and became the subject of a good deal of Parliamentary discussion. In 1876 the policy of a "scientific frontier"—which meant interference in Afghanistan—was introduced by the Beaconsfield-Salisbury Cabinet, and Lord Lytton went out to India with instructions to abandon the former policy of "masterly inactivity" as regarded the border.

The occupation by the British of Quetta, on the frontier, and military preparations there, were quite naturally regarded by the Afghans as the prelude to an invasion. While negotiations with the Amir were in progress, his envoy died and the British envoy, Sir Louis Pelly, was recalled by Lytton on the ground that the Amir was intriguing with the Russian General Kaufmann, at Tashkand, on the Russian border of Afghanistan. Lord Salisbury authorized the Viceroy to protect the border as seemed best to him, "with-

out regard to the wishes of the Amir or the interests of his dynasty." After the Congress of Berlin the Russians were forced to give up the concentration of troops which had been begun on the Afghan border; but they profited by the estrangement from the British Government produced by Lord Lytton's truculent policy, to send an embassy to Kabul, which was received by the Amir with open arms.

The British demand that a mission from India should also be received at Kabul was refused and the envoys were turned back at the frontier. The Indian Government sent an ultimatum which, unless a favorable reply was returned by November 20, 1879, was to be followed by immediate hostilities. The Amir sent no reply, and three British armies moved to the attack. Warfare continued until May 30, when the Treaty of Gundamuk was signed, by the terms of which the British Government in India secured the strategic frontier on the most exposed border of the most important of the British possessions, for which it had been intriguing. Afghanistan, losing its character of an independent buffer state, became to all practical intents a dependency of the British Crown. The control of foreign affairs was vested in the British Government and the Amir consented to accept a British Residency and to guarantee its safety, the British in their turn pledging themselves not to interfere in the internal affairs of the native state. Three districts, together with the strategically all-important Khyber and Michnai Passes were ceded to Great Britain. Commercial relations between Afghanistan and India were to be encouraged and the Amir accepted an annual subsidy of 60,000 pounds.

The treaty endured for a little more than three months before the Afghan hatred of the foreigner blazed out and the entire British mission was massacred. The second

Afghan campaign, which ended with the British victory at Candahar, September 1, 1882, completely crushed the native state, which was saved by the accession to power in England of the Liberal Party, pledged to reverse in most respects the foreign policy of their Conservative predecessors, of which the Afghan aggression was an integral part. Lord Lytton resigned as Governor-General of India. The Conservative Premier's scheme for an advanced frontier in Afghanistan, which had always had high military opinion against it, was abandoned at the very moment when the territory was in the hands of the British army. The Empire retained only the Pisheen and Subu Valleys, abandoning both the Khyber Pass and the Kuram Valley, after two costly campaigns, the expenditure of twenty million pounds sterling, and the loss of many lives, returning practically to the *status quo ante* and very nearly to the old policy of "masterly inactivity."

In 1884-1885 the old question of the safety of India and the economic rivalry of the expanding imperial powers came very near to causing another war. Russia seized Penjdeh from the Afghans, and only the threatening condition of internal affairs in Ireland and South Africa prevented a British declaration of war.

Should the Afghan War be regarded as an economic war? Directly, no. Indirectly, yes. It grew out of a frontier dispute, but it was fundamentally the result of the same need for economic expansion which originally led to the acquisition of India and which made its wealth essential to the British Empire. Had there been no policy of imperial expansion on the part of either Russia or Great Britain, which was, of course, the outcome of economic causes and in the deepest sense a true economic rivalry, there would have been no Afghan Wars.

The wars in Afghanistan are results of the friction due

to economic causes between Great Britain and Russia, which existed in the latter part of the Nineteenth and the first years of the Twentieth Century. This rivalry expressed itself in difficulties over Constantinople, intrigues in native states, and colonial expansion; but in every case the difficulties were the outcome of economic requirements —primarily a Russian effort to secure ports in warm water and to establish Slavic power over the waterway at Constantinople, blocked by English determination to protect at all costs the trade route to India and the land frontier of the richest of all colonies. Raw materials, notably the Baku oil wells, also came to be involved before the Anglo-Russian Agreement of 1907 finally removed the roots of the difficulty.

THE ZULU WAR, 1879

The Zulu War of 1879, which resulted in the pacification by force of the natives and the ultimate incorporation of Zululand with the colony of Natal, has been variously represented as a necessary measure of defense and as the violent extension of the imperial domains. In either event, it falls at once into the class of wars which have an economic motive in that they are the inevitable concomitants of colonial expansion; for wherever the white man, forced by economic need, spreads his rule into the more sparsely settled portions of the earth, he meets inevitably the resistance of the native population. Even though the war be regarded as necessary to the defense of Natal, it is still an outcome, though less direct, of the economic forces which originally occasioned the colony's establishment. Eliminate the economic need and you eliminate at a stroke both the colony and the problem of its defense.

On the borders of the British colony of Natal lay the

native state of the Zulus, ruled by its native king according to tribal customs. In 1873, after the close of a civil war among the Zulus, the king Cetewayo was induced, probably with an eye to the material advantages of British friendship, to go through the form of accepting a tinsel crown from an English official. Between 1873 and 1879 the Zulus were arming and organizing a drilled and disciplined army. There was no conceivable enemy for the natives to fight except the British and therefore, after they had refused to yield to the British demand for disarmament, imperial troops were directed against them. The capture of the British camp at Isandhlwana and the desperate defense of Rooke's Drift were followed by a series of victories for the army commanded by Lord Chelmsford.

The Zulus were quickly crushed, Cetewayo captured, and sent to St. Helena. He was allowed to return to his people four years afterward; and following a period of hesitation by the colonial administration, Zululand became a part of Natal in 1897.

The war is typical of the type of hostilities that break out almost inevitably as the result of the spread of the white man, for economic reasons, into the territory of white or half savage races. Economic pressure in the colonizing country and the pressure of other European nations lead to an attempt to expand, which brings in its train the need for crushing by force the native races, unwilling to be dispossessed. Even these little wars, then, are properly to be classed among those caused by economic pressure.

THE NITRATE WAR, 1879-1883

The desire of Chile to secure a share in the nitrate trade, of Bolivia to hold nitrate deposits in the Desert of Atacama, and of Peru to maintain her supremacy in the guano

trade, explain the motivation of the Nitrate War, or War of the Pacific, which began with Chile's declaration of war on the other two republics, April 5, 1879, and ended with Chilean victory, in the Treaty of Ancon, October 20, 1883. The far-reaching and long-enduring character of the economic difficulty and the way in which it tends to re-appear with each successive unsettlement of international relations is shown by the re-opening of this question in 1918 during the World War.

The use of guano as a fertilizer in agriculture had been known to the prehistoric inhabitants of Peru, whose Inca rulers carefully regulated its collection and use. Specimens were first brought to Europe by Alexander von Humboldt in 1804. In the middle of the last century, it came into general use as a fertilizing material of peculiar value, being rich in nitrogenous and phosphate compounds, mainly derived from the long accumulation of the droppings of sea-fowl on South American coasts and islands where the climate is dry and the rainfall slight. Until 1874 most of the Peruvian guano was obtained from the Chincha Islands, about twelve miles off the coast of Peru. Each of the islands, from five to six miles in circumference, was covered with guano deposits, to a depth of 200 feet, in successive strata ranging in thickness from three inches to a hundred feet.

Guano thus formed the staple article of Peruvian export, and the largest single source of revenue, the exports ranging from $9,000,000 to $15,000,000 yearly in the years immediately before and after 1870.[1] But two causes operated to reduce this highly profitable industry, on which the wealth of Peru largely hinged—the exhaustion of the deposits, partly due to failure properly to protect the guano

[1] *Statesman's Yearbook,* 1874, pp. 552-553.

birds, and the discovery of other and cheaper sources of commercial fertilizers in the phosphate beds of the United States, the potash deposits of Germany, and the nitrate beds now owned by Chile. It was these deposits, now Chilean, which led to the Nitrate War.

Nitrate of soda, known commercially as "nitrate" or "Chile saltpetre," comes from the rainless districts of Chile and Peru, and the largest deposits are found in the provinces which were the prizes of the war, Tacna, Arica, and Tarapaca. They are believed to be due either to the evaporation of an ancient sea, or to be the saline residue of the evaporation of fresh water streams. Although exports from the few which were known had been made as early as 1830, the wide extent and enormous value of the deposits were not realized until the latter half of the century.

The beginning of difficulties that led to war was a dispute relative to the frontier between Chile and Bolivia, which at that time held a small strip of seacoast near Cobija, between 22° and 23° south latitude. While the republics had been Spanish provinces under the imperial colonial administration, the need of strict delimitation of the frontier had never been felt, and when they won their independence, the republican governments usually tacitly accepted the old boundaries. The Desert of Atacama, a stretch of arid territory lying along the Pacific coast between 22° and 27° south latitude, had been the ill-defined boundary between the provinces of Peru and Chile under the Spanish régime; and when in 1825 the Republic of Bolivia was created, it received the northern portion of the desert and the town of Cobija, in order that it might have access to the sea. The southern boundary of Bolivia was no more accurately located than that of the Spanish province had been, and the Chilean constitution of 1833 claimed merely land "from the Desert of Atacama to Cape Horn"

—a northern boundary lying vaguely somewhere in a desert extending over five degrees.

Undetermined as was the delimitation, it sufficed so long as the Desert of Atacama was believed to be waste land of no value; but in 1842, as the Peruvian guano trade grew, the Chilean government dispatched an expedition to examine the coast and find out whether there was any guano in Chilean territory. Immediately after the explorations, Chilean vessels began surreptitiously loading guano in desert territory claimed by Bolivia. The Bolivians now asserted their claims to the desert and in 1866, after much disagreement, under the spur of the Spanish effort to win back the lost colonies, a treaty fixed the boundary at the 24° south latitude, but at the same time stipulated that the territory between 23° and 25° should be joint property of the two republics, the revenue on the mines and the guano and nitrate deposits to be equally divided. The Bolivian government undertook the collection, while full rights of supervision and inspection were accorded to Chile.

Such an agreement speedily led to disputes and after more diplomatic correspondence, Chile in 1872 renounced her claims to revenue on condition that the safety of Chilean capital and of subjects engaged in the mines should be guaranteed. In 1874 this agreement was incorporated in a treaty. Most of the mines were actually being worked by Chilean capital and by Chilean labor.

While the diplomats were busy, new nitrate deposits were discovered in the desert, which rapidly began to displace guano in the market. The effect on the guano trade of Peru was so unfavorable that in 1873 the Peruvian Government, in an effort to offset it, restricted the output of its own nitrate mines to 4,500,000 *quintals* (hundredweight) yearly, and proposed that both Chile and Bolivia should

restrict their mines similarly, either by direct legal limitation or by the imposition of prohibitive export duties.

This would have been highly favorable to the guano trade, but since that was of minor importance to Chile as compared with the trade in nitrate, the suggestion was refused. Bolivia also declined, maintaining the treaty obligations which prevented restrictions on the mines in her territory owned by Chilean subjects, under the agreement of 1874.

In the same year, however, the government entered into a secret treaty with Peru, maintaining the interests of the two states against Chile.[1] Efforts to bring the Argentine Republic into the coalition failed, although the relations between Argentina and Chile were strained then and for some years afterward over the Andes boundary question.

While the Dictator Malgarejo was in power in Bolivia, the Compania de Salitre y Ferrocarril de Antafagasta (Antafagasta Saltpetre and Railways Company), a Chilean corporation, secured from him a very generous concession in the Desert of Atacama. The successors of the dictator, after his fall, sought to reduce this; and the taxes that they fixed upon the company drew diplomatic protests from Santiago. The Bolivian Government had imposed a tax of ten centavos per hundredweight on nitrate exported by the company, in lieu of the previous tax of ten per cent of the profits. The Chilean protest was based on the Treaty of 1874, which provided that there should be no increase in the taxes of citizens of Chile resident in Bolivia. The Bolivian Government yielded, but presently declared the concession of the powerful Antafagasta company void, and ordered the confiscation of its property.

[1] The text of this treaty is published twice in President Arthur's *Message to Congress of 1882, Submitting Papers Relating to the War in South America*, pp. 85 and 208.

Chile presented a 48-hour ultimatum, and at its expiration debarked 500 troops at Antafagasta.[1]

The Chilean army now occupied an advanced post on the Peruvian frontier and within easy striking distance of the important deposits of nitrate and guano in the Department of Tarapaca. The Peruvian Government immediately offered mediation between Chile and Bolivia.

When the offer was first made, no suspicion existed in Chile of the alliance that had been formed between their economic rival and the mediating power; but rumors of the secret treaty led to a demand upon the government of Peru for a declaration of neutrality which forced admission of the existence of a treaty which bound Peru to assist Bolivia. The war spirit had been rising in all three states. The Peruvian mediator had been received with marked hostility by the Chilean populace. Chile declared war with both Peru and Bolivia, April 5, 1879.

The situation had been complicated by diplomatic exchanges between Chile and Argentina over the Andes boundary question, which had led so close to war that the Chilean fleet actually steamed south towards the Straits of Magellan and was recalled on the settlement of the difficulties with Argentina just in time to be turned against Peru. The war, after a few months land and sea fighting, was everywhere a Chilean victory. Chile mastered the sea after a six months struggle. The Chilean army drove the Peruvians out of the Department of Tarapaca, and in two engagements won Tacna and Arica, thus gaining control of practically all of the nitrate and guano fields. Neutral

[1] It is said (Diego Barras Arana: *Histoire de la Guerre du Pacifique*, p. 50) that although President Doza of Bolivia received on February 20 the news of the Chilean occupation of Antafagasta, he did not permit it to be made public until Ash Wednesday, six days later, when it could not interfere with the pre-Lenten carnival period. Only after that time did the Bolivian cabinet begin to plan a course of action.

efforts at mediation failed. Chile, in actual possession of the nitrate deposits, demanded territorial concessions to which Peru would not yield. It was not until Lima was taken and the government overthrown that Chile finally attained her territorial aspirations. Bolivia, in a separate peace, gave up her seacoast. After a new government had been organized in Peru, the Treaty of Ancon [1] was signed, by which Tarapaca was ceded unconditionally, and Tacna and Arica for ten years, at the end of which a plebiscite was to be held. This has never been done and Chile still retains possession.

The conquest has been of vast economic value to Chile. From 1879 to 1899, inclusive, the duty on the nitrate exports alone was $557,033,576 in Chilean money and the value of the exports themselves $1,406,741,330.[2] It has been estimated that from 1900 to 1935 the nitrate export duties will reach $1,656,200,000. Surveys by the Chilean government in 1899 showed sufficient nitrate in Tarapaca to permit the exportation of 1,400,000 tons a year for thirty-five years to come.

The economic character of such a war is self-evident. The boundary question between Chile and Bolivia had existed for a long time without ever having been seriously considered, much less leading to any signs of hostilities. It was only when the valuable mineral deposits were found that the states became sufficiently concerned over their boundaries to attempt to fix them, and the rivalry between the miners of Peruvian guano and Chilean nitrate fanned

[1] The text of this and the Bolivian treaty are to be found in *The Question of the Pacific,* by V. M. Maurtua and F. A. Pezet, p. 139 and p. 204, respectively.

[2] These figures are based on Chilean statistics, but the calculations are by the Peruvian Alejandro Garland. With further amplifications they may be found in *The Question of the Pacific,* pp. 150-151.

the flames. The questions discussed in the diplomatic interchanges that preceded the war were wholly economic; and the Antafagasta incident which precipitated hostilities at last, was a blow by Chile in defense of her nitrate interests. In the Treaty of Ancon, it was the possession of Tacna, Arica, and Tarapaca, with their nitrate deposits, upon which the victors were intent.

THE BRITISH OCCUPATION OF EGYPT, 1882-1898[1]

"The origin of the Egyptian question in its present phase was financial," says the first sentence of Lord Cromer's *Modern Egypt*. The conclusion of the Governor-General is justified, for it rests on a more thorough acquaintance with Egyptian affairs than is possessed by any other man. The British occupation offers one of the clearest examples possible of the rôle played by economics and finance, and of the struggles and rivalries which grew out of them, in producing wars. The entrance of the British came about mainly because of the inability of the Khedive, Ismail Pasha, to meet the enormous debts in which he had involved himself through his extravagant luxury; but there are other reasons besides this for the British to be established in Egypt. One is directly economic, the need for raw materials, especially cotton, of which Egypt sends a million bales a year to the British textile factories, and which is equally desirable either to the French or to the German textile mills. The other is indirectly economic—the old story of the protection of the highways to India, which may be threatened through the economic jealousy of any power which holds Egypt. The Suez trade route

[1] Though the actual occupation took place in 1882, these dates are made to include the subsequent fighting in the Sudan, which was the logical step following the occupation and intimately related to it.

antedates the Canal, an overland road having been developed and encouraged under British auspices, and discouraged by the French, who looked upon it as tending to lessen the prospects of beginning the cherished project of their great engineer, de Lesseps. The British hold on Egypt is also a protection to the colonies elsewhere in Africa.

British interference in Egypt dates from the Napoleonic wars, when the Emperor tried to use that land as a base of attack upon India and British trade in the Mediterranean —an attempt which was frustrated by Nelson's destruction of the French fleet in the Battle of the Nile, and the crushing of the French army in possession of the country. England again interfered in 1807 to assist the Nationalist Party, but was defeated by Mohammed Ali, who had just forced the Sultan to recognize him as Pasha of Egypt.

Ismail Pasha, whose extravagance at last compelled foreign intervention, succeeded to the throne in 1863 and received the title of Khedive from the Sultan in 1867. Prior to his accession to the khedival throne, he had been living as a country gentleman with large landed estates, to which he was applying the most modern agricultural methods and from which he was deriving large returns. His habits of luxury and extravagance were such, however, that even when these profits were increased by the revenues of the Egyptian state, they were not sufficient. The tax rose under his rule from 40 to 60 *piastres,* coin by coin wrung out under the lash from the miserable *fellaheen,* who were frequently compelled to mortgage their petty properties to the money-lenders who invariably accompanied the tax-gatherers on their rounds.

Finding the taxes insufficient, Ismail resorted to confiscation, in which indirect methods were necessitated by his fear of the intervention of European Powers. In an Oriental country the opportunities for coercion and intimi-

dation are so extensive that within a few years Ismail, employing methods little better than barefaced seizure, had been able so to harass the owners of estates which he desired that they had been compelled to part with them for practically nothing. In this way he had come into personal possession of about one-fifth of the land of Egypt.

Confiscation was not so successful a method of increasing his income as the Khedive had hoped, for as his estates increased, the possibility of strict oversight of their management and accounts diminished, and he was so robbed on every hand by his own administrators that he found himself almost as straitened as ever. After a little preliminary negotiation with native money lenders and with Greeks in Alexandria, he turned to Europe for loans.

The transactions were in the hands of Nubar Pasha, an individual quite devoid of scruple, who managed the business so adroitly that of the total of 96,000,000 pounds sterling that he borrowed, only 54,000,000 reached the Khedive. A great part of all this money was raised in Great Britain, largely through the agency of the English Rothschilds, especially the loans after 1871, when French finance was concerned chiefly with paying off the Prussian indemnity. Although the money was borrowed in the name of the Egyptian government and became a part of the public debt of Egypt, almost all of it went to the private uses of the Khedive himself.

In 1876 the debt amounted to 89,000,000 pounds sterling, a tremendous sum for a country with only 6,000,000 population and with an area of only 5,000,000 acres under cultivation.[1] It must be remembered that until the British came, the area of Egypt watered by the Nile (the only arable portion) was comparatively small. Since that time

[1] W. Basil Worsfold: *The Future of Egypt,* p. 44.

the building of the Assouan dam and the creation of a scientific irrigation system have greatly increased the productive capacity of the country.

In thirteen years, Ismail added nearly 86,000,000 pounds to the debt of the country, and had raised the tax rate many times. These taxes were levied directly upon the *fellaheen,* the native farmers, who were the only real producers of wealth in the country, from whom the money was wrung with the most systematic brutality. Never was a country so systematically and pitilessly drained of its wealth. Even the bits of gold which by native custom formed the chief treasure of every Egyptian woman were taken; the few small savings of the peasants were gobbled up by the rapacious collectors; and the helpless workers, man and woman alike, were set to work again, almost upon the level of slaves.

Had even a portion of the money thus being recklessly borrowed abroad and extorted from the people at home been expended in public works, there would have been at least some defense for the khedival government, but this was not the case. With the exception of the Suez Canal, only about ten per cent of the loans ever went into the development of the country; and even the contribution of 3,000,000 pounds to the Canal was made only after arbitration by Napoleon III when the government had failed to carry out its contract to grant areas of land and to supply forced labor to the Canal Company.

Evidently this state of affairs could not continue indefinitely. The country had been taxed to its capacity, but still it was a notorious fact that the revenue was not meeting the ordinary costs of administration and at the same time paying the interest on the money which the Khedive had borrowed in Europe and squandered on his private dissipations.

The obvious thing to do was to proclaim openly the inability of the government to meet its obligations and leave the European creditors to make what terms they could. But Egypt was not an independent state. It was bound, first as a subject state of the Turkish Empire, and second, by the special treaties or "Capitulations" [1] which granted special rights or privileges to the subjects of various European states when resident within Turkish territories. Since the government of the Ottoman Empire was on a plane not very much higher than that of Egypt, there was small hope that interference from above would straighten out the tangle; but in the agreements of the "Capitulations" the European Powers concerned, principally England, France, Austria, and Italy, had an excuse for interfering on behalf of their investors.

The "Capitulations" had originally been entered into in order to protect the citizens of fourteen European Powers, and of the United States and Brazil, when resident within the Turkish Empire, from the maladministration of justice by the native courts. An agreement with the Egyptian Government had about this time led to the establishment of a court which combined the authority of the various consular courts in tribunals of a new sort, known as the *Tribunaux Mixtes,* constituted by khedival decree on January 1, 1876, and given jurisdiction in civil cases as well

[1] The first of these treaties was made with France in 1536 (renewed 1673 and 1740), when the Turkish Empire was at the height of its powers. The second was with England in 1583, followed by others granted to Holland in 1613, Austria in 1718 (renewed 1784), and Russia in 1784. During the Eighteenth Century nearly every European Power secured a Capitulation, and during the Nineteenth Century the new states, Belgium, Greece, and the United States, also secured them. Though the treaties differ in minor details, their provisions are in general the same: liberty of residence, inviolability of domicile, liberty to travel, freedom of commerce and religion, immunity of local jurisdiction, and exclusive extra-territorial jurisdiction over foreigners of the same nationality.

as in the criminal cases with which alone the consular courts had concerned themselves. The authority was to extend to cases at law between natives and foreigners.

At the same time an effort by the Powers to ascertain the exact condition of the finances of Egypt—known to be unsatisfactory—led to the Cave Report, presented in March, 1876, incomplete but sufficient to demonstrate the need of international action of some kind in order to protect the European creditors of Egypt by receiving as a whole, the revenues that the Khedive had set aside to meet the debt. With this object in view, the Khedive authorized on May 2, 1878, the Caisse de la Dette, which was made up in the beginning of three officials representing France, Austria, and Italy.

The concerted action of the Powers in establishing these two international authorities improved the situation so far as the creditors of Egypt were concerned, for not only was the revenue for the payment of the debt to be more honestly and efficiently administered; but in the future complaints which might be brought against the Egyptian Government would be tried before a court which derived its authority not from that government itself, but from Europe. This was the peculiar importance of the *Tribunaux Mixtes.*

As the bad faith of Ismail became more and more apparent, England and France, which were most concerned in the Suez Canal and in the development of Egypt in general, interfered directly in the administration of the country; and created the Goschen-Joubert mission to re-examine the financial situation and find a way of paying off the debt. A plan was submitted in November, only to be found useless because of the deception practiced by Ismail, who had furnished false data. In 1878 the inves-

tigation of a Commission armed with full powers to examine every detail of Egyptian finance, including the sources of revenue and the methods of administration, showed clearly that Ismail would never be able to meet the obligations of the state. The Khedive having been so indiscreet as to attempt obduracy before the European proposals for reducing the interest due on the debt, was deposed by international action in June, 1879, and his son Tewfik Pasha put in his place.

After Ismail had been deposed, England and France jointly assumed responsibility for the control of the native government in Egypt, and Tewfik Pasha[1] was given to understand that no other Powers would be allowed to interfere. The recommendations which had been made by the Financial Commission were followed out and a Law of Liquidation was passed which remained in force, with slight modifications, made in 1885, until 1904. When the decree of the Khedive promulgated the new law with the approval of the governments of England, France, Austria, Germany, Italy, and Russia in 1880, it had been found that since 1876 the debt had been increased by nearly 10,000,000 pounds, making a total of 98,376,660 pounds. This sum was divided into four debts, which stood at the following figures in 1881:[2]

[1] In Moslem countries descent is ordinarily to the oldest living male member of the family, according to Turkish law. A Firman of the Sublime Porte, May 27, 1866, had substituted father-to-son descent by primogeniture, in the special case of the hereditary rulers of Egypt.

[2] W. Basil Worsfold: *The Future of Egypt,* p. 50. Before the World War upset exchange values, the Egyptian pound was the equivalent of $4.94307 in American money, as compared with an equivalent value of $4.86656 for the pound sterling. The Egyptian coinage is used only in Egypt, and the pound is divided into 100 *piastres* of ten *ochr-el-guereh,* each of four *paras.* It contains 7.4375 grammes of fine gold as compared with 7.32238 grammes in the pound sterling. See V. Gonzales: *Modern Foreign Exchange,* p. 19.

	In pounds sterling *Capital Amount*	*Rate*	*In pounds Egyptian* *Interest*
Privileged Debt	22,587,800	5%	1,157,024
Unified Debt	57,776,340	4%	2,253,265
Domains Loan	8,499,620	5%	455,310
Daira Debt	9,512,900	4%	370,322
	98,376,660		4,235,921

In addition to these sums, Egypt was made liable to an additional sum of 1,000,000 pounds a year, called for by the tribute to Turkey, interest due England on the Suez Canal shares, and minor obligations not included in the Consolidated Debt.

This arrangement left the Egyptian government with an annual income of less than 4,000,000 pounds above the charges, with which to carry on the business of the country. The revenues and charges stood as follows:[1]

Total receipts from all sources	9,229,965 pounds
Charges for debt and tribute	5,345,341 "
Balance available	3,884,624 "

By 1880, the sum of 1,000,000 pounds had been paid off the debt, but the sweeping economics and retrenchments necessary to accomplish this and the impossibility of relieving the taxpayers of their burdens, led to an identification in the popular mind of the Europeans with the Turkish oppressors, and the national movement, originally anti-Turkish, broke out in a fierce revolt against the Dual Control. Headed by Arabi Pasha, the Egyptian Minister of War, and deriving support among the people from the wave of Mohammedan fanaticism soon to sweep the Sudan under the Mahdi, the rebellion reached such proportions that the khedival government and everything that the French and British had been able to accomplish, was threatened.

[1] *Ibid.*, p. 51.

After a massacre at Alexandria in which fifty Christians were killed, the British fleet bombarded the city. On the 22nd the Khedive dismissed Arabi from office and the minister promptly declared a Holy War on his own responsibility. Between August 3rd and 26th, the British took possession of the Suez Canal completely—the coveted direct route to India—and troops were sent in from Malta, Cyprus, India, and England. Lord Wolseley landed at Alexandria August 13th, proclaimed that he was there to uphold the authority of the Khedive, and on September 13th crushed the Egyptian army at Tel-el-Kebir. Cairo was taken the next day and the British occupation had begun.

France and Italy [1] had both declined to accept the invitation of Great Britain to participate; and the entrance of the British therefore put an end to the Dual Control, leaving the responsibility for the administration of the state in their hands. The situation was further complicated by the fact that Egypt had during all this time been a subject state of the Turkish Empire, with which Great Britain at that time still desired to maintain friendly relations, in order to keep Russia out of Constantinople and away from the all-important route to India.

The British occupation was declared to have been undertaken solely to "restore the authority of the Khedive"; but since the only authority left to that unhappy official had come to be exercised through the medium of the Dual Control, the occupation actually meant that henceforward Britain would rule in Egypt. The French were jealous of

[1] Italian popular sympathy at this time was all with the Egyptians, and an Italian legion was actually being raised by Menotti Garibaldi to aid the Egyptians in their struggle for freedom from foreign control. A decided coolness between the two states existed for several years after the occupation.

British occupancy and continued to protest at intervals until the agreement of 1904. On January 3, 1883, Lord Grenville, then Minister for Foreign Affairs, addressed a communication to the Powers in which he said:

"Although for the present a British force remains in Egypt for the preservation of public tranquillity, Her Majesty's Government are desirous of withdrawing it as soon as the state of the country and the organization of proper means for the maintenance of the Khedive's authority will permit of it. In the meantime, the position in which Her Majesty's Government are placed towards His Highness imposes upon them the duty of giving advice with the object of securing that the order of things to be established shall be of a satisfactory character and possess the elements of stability and progress."

A year later the Egyptian Government was given to understand that the "advice" which it received from Great Britain must be regarded as compulsory. After this the position of Egypt was wholly anomalous, for the Khedive, though ruling a dependency of the Turkish Empire, and owning allegiance to the Sultan, could take no steps without the approval of the British.

More war was to follow. The immense region to the south of Egypt, the Sudan, never very completely under khedival control, broke into revolt, the tribesmen having been inflamed by a religious leader who proclaimed himself a Mahdi or Savior. The inefficient force of Egyptian soldiery together with a small British force under General Hicks was cut to pieces. In 1884 General Gordon, an English soldier of eccentric magnetic qualities calculated to appeal to the public, and of a great deal of experience in dealing with native tribes, was sent almost alone into the Sudan with the idea that he would be able to restore British control. On his arrival at Khartoum he discovered that

the situation was far worse than had been represented, and almost immediately afterward found himself besieged by the Mahdi and his fanatic dervishes.

The popular voice in England demanded a relief expedition, but the government was so dilatory and hesitant that none was started until September, 1884. Pushing forward under great difficulty, it reached Khartoum January 28, 1885, two days after the city had been taken and Gordon, with all his men, massacred.

After this there was no more warfare in connection with the British occupation until 1896, the Sudan was abandoned, and the occupation was confined to improving the financial, economic, and social conditions of the Khedive's dominions. In this year, General Sir Herbert Kitchener (afterward Lord Kitchener of Khartoum) was sent into the Sudan with 20,000 troops to reconquer it for the Khedive, a task which he accomplished after two years of fighting.

That the colonial rivalries of France and Britain did not at this time result in war was due wholly to the internal political conditions of France, divided into two bitterly opposed factions after the revelations of the Dreyfus trial. The French had, in the hope of taking advantage of conditions in the Sudan to round out their colonial domain, sent Major Marchand with only eight officers and one hundred twenty men from the Upper Congo, with orders to traverse the district intervening and stop at the Nile. Accomplishing his mission successfully, the French officer arrived at the little town of Fashoda (the present Kodok) in July, 1898. Two months later Kitchener's army, fresh from its victory over the Mahdi, marched in from the south and raised the British flag not more than a thousand yards from the headquarters of Major Marchand.

Asserting the authority of the Khedive, Kitchener directed Marchand to haul down his flag and leave the ter-

ritory, to which the French commander replied that he received his orders from his military superiors and could not leave without their direction. The issue thus passed to London and Paris. The French ministry asserted that the Khedive had lost his rights in the Sudan by allowing the Mahdists complete sway for an entire decade, and that therefore Great Britain could have no claim. The English laid claim to the entire Nile Valley, in the name of the Khedive, and held that the suppression of the revolt by Kitchener's army constituted a full and valid claim to remain in possession. Here was a clear case of the clash of colonial interests of two Powers, both led to seek expansion because of economic pressure at home.

Popular opinion was aroused to a pitch which made war seem inevitable; but in the end France had to yield, and the respective spheres of influence were delimited by an agreement of March 21, 1899, which secured to the British an undisputed influence throughout Egypt.

Until 1904, when England and France once for all adjusted their colonial rivalries and ambitions, the French looked with jealous eyes upon the English occupancy, especially as the land came more and more to be in fact a real possession of the British Crown, in spite of its nominal acknowledgment of Turkish suzerainty. After the agreement in 1904, this jealousy ceased, and France no longer asked embarrassing questions with regard to the reiterated British intention of leaving Egypt to itself. The British were in possession, and the British meant to stay. War with Turkey at last afforded an excuse for ending the fiction of dependence upon the Ottoman Empire; and Egypt at last became in name as she had been in fact for years, a dependency of Great Britain.

The occupation of Egypt by the English, together with the fighting which it caused, first with the Egyptian army

and later with the Mahdi and his followers in the Sudan, is clearly economic and financial in its origin, as Lord Cromer said. Undertaken as a means of settling the rival claims to payment of the creditors of the various countries who were interested in the Egyptian Debt, it led to a permanent hold upon a country which aided England in the quest of raw materials for her textile industry—soon to be hard pushed by German rivalry—and made still more complete the jealous hold upon India which guarded it from dangerous economic rivals; and it facilitated the defense of other African possessions. The occupation is but one more in the long series of similar exploits to which European states have been driven in their dealings with weaker nations because of their economic needs and economic rivalries.

SERBO-BULGARIAN WAR, 1885

The wars and constant prospects of wars in the Balkans, which have kept Europe in a turmoil during the last half century and which contributed to the great catastrophe of the late war, are due very largely to racial, territorial, religious, and political motives, but the economic element is not lacking. The Balkan states have fought because they liked to fight, because they were jealous of one another, because they sought territorial expansion in order to bring a single race under a single government of its own; but they have not fought over colonies or trade routes, or spheres of influence, or naval bases.

It has been the economic rivalries of other nations, finding expression in the Balkans, rather than economic rivalries among the Balkan states themselves which have stirred up a large proportion of the trouble which has led to wars in this turbulent portion of the globe.

The war between Serbia and Bulgaria in 1885 at first sight appears to have little to do with illustrating the economic causation of war. It arose through Serbian jealousy of the expansion of Bulgaria. At the Congress of Berlin, it will be remembered, the provisions of the Treaty of San Stefano, which gave Eastern Rumelia to Bulgaria, were withdrawn, and Bulgaria was restricted to nearly her old boundaries. In 1885 the Rumelians, who were Bulgarian by blood and restive under Turkish rule, and who had long been desirous of amalgamation with Bulgaria, arrested their Turkish governor-general and issued a proclamation declaring the union of the two Bulgarias. Prince Alexander, hesitating to defy Turkey, was at length prevailed upon not to follow his first inclination to seek the Sultan's consent; and, yielding to the evident wishes of his people, marched to Philippopolis and declared it a part of his kingdom.

Turkey at first threatened war, and Greece and Serbia began to mobilize. The latter state was at first believed to be preparing to attack Turkey, and it was not until a very short time before the opening of hostilities that the Bulgars realized that King Milan was in fact preparing to make war upon them. The enlargement of Bulgaria by the addition of Rumelia had been so great that the other two states felt that they would be outshadowed unless they also received territorial compensations. Certainly the new Bulgaria was large enough to deprive Serbia of any pretensions to hegemony in the Balkans that she may have entertained.

The war was very brief. When it was realized at Sofia that a Serbian attack was imminent, troops were hurriedly sent to the border. On the 14th of November, 1885, the Serbians advanced across the frontier, forced the Dragoman Pass on the 15th, and reached the plain of Sofia on the

16th. In the meantime, a large part of the Bulgarian army had been held on the Turkish frontier to await developments, until the Sultan made it clear that he did not intend war. From the 17th to the 19th the Battle of Slivnitza raged, at the end of which the Serbians were driven off with heavy losses. At the end of the battle, fresh troops from Rumelia came up. The Serbians were swiftly pursued, the Dragoman Pass retaken, and the last stand of the invaders crushed at the Battle of Picot, November 26-27th. The next day, as the victorious Bulgarians were beginning to carry the war into Serbia, the Austrian minister to Belgrade appeared with an armistice agreement, and the intimation that Austria was prepared to come to Serbia's assistance if the Bulgarians did not grant peace. The war ended.

This brief conflict is not so free from economic rivalry as at first appears. The Austrian desire to protect the defeated Serbians was largely due to the fear of Bulgarian success as a probable expansion of the Russian sphere of influence in the Balkans, where the Dual Monarchy was even then finding some of her most valuable markets. Serbia, moreover, was one of the most exclusively Austrian markets and as such had a distinct claim upon the larger state at that time. Thus even in the welter of racial and religious hatreds in the Balkans, economic factors find a place.

THE ABYSSINIAN WARS OF 1887 AND 1896

The two wars waged by Italy in an effort to establish a colonial empire in Africa at the expense of Abyssinian independence are economic wars, as colonial wars must always be. They are the outcome of the fierce economic rivalry of Europe which found its expression in the mad scramble

for colonies, following the opening up of Africa so rapidly that Italy presently found herself with a grave overpopulation problem, while most of the territory of the world available for expansion was rapidly being pre-empted.

The Abyssinian wars are unsuccessful wars and they are the outcome of an unsuccessful colonial policy which had, up to 1906, cost the state a total of 17,591,567 pounds sterling, with comparatively little return.

While the partitioning of Africa had been in progress, Italy had looked on with longing eyes, until in 1884 an indirect intimation was given by the British Foreign Office that Italian occupation of territory on the littoral of the Red Sea would not be opposed. Secured on land by the power of the Triple Alliance and at sea by the promise of British support, Italy felt safe in putting into effect a colonial policy of her own, born of the desire to share in the economic rivalry and colonial profits of the great Powers of the world.

In 1885 two points were occupied, Beilul and Massowa, with the British man-of-war "Condor" standing by to observe and report what went on, but in opposition to the advice specifically given to the Italian Consul-General in Egypt by Lord Cromer. Encroachments on Abyssinian territory called forth protests from the Ethiopian King John and in 1887 500 Italian soldiers were wiped out by the Abyssinians at Dogali. A punitive force of 20,000 sent out from the colony accomplished little, suffered much from fever, and was at length recalled. When King John died in 1889, Italian influence was promised to Menelik of Shoa, one of the aspirants to the crown, in return for his favor; and Italy, feeling secure in her new possessions, established the new colony of Eritrea. Victories over the natives followed at Agordat in 1893, Cassala in 1894 and Senafe in 1895. The continued encroachments of the Ital-

ians were rousing resentment among the Abyssinians, so that by the end of the year, large native armies were threatening the outposts of the colony, a force of 2,350 Italians had been routed, and the garrison at Makala was forced to surrender.

In the Battle of Adowah, March 1, 1896, General Baratieri, governor of the colony, was completely defeated by King Menelik, with a loss of nearly 5,000 killed, including two generals, and more than 1,500 captured.

Italy was unable to make further attempts against the integrity of Abyssinian territory and in 1906 an agreement between France, Great Britain, and Italy finally settled the limits of the colony. All in all, Italy's colonial venture has been a failure economically, having served none of the purposes of a colony and having cost dearly in blood and in treasure.

Eritrea does not attract the Italian emigrant, for of the 300,000 inhabitants only 2,800 are Europeans. It does not produce revenue, but on the contrary drains the treasury at a rate of about 320,000 pounds a year.[1] The exports and imports are not sufficient to be profitable.

Although the economic ends of the Italian colonial wars prior to the occupation of Tripoli in 1911 were not achieved, the causes of the wars remain clear enough. Italy sought economic expansion with the same motives and the same methods as the other European Powers, and though the Italians failed in their attempts in Abyssinia, their economic motives remained to find expression later in the more successful war in Tripoli. The unfortunate Abyssinians who died defending their native country were merely a few more natives suffering because of the need for economic expansion among European states.

[1] Cambridge Modern History, vol. xii *"The Latest Age,"* p. 271.

THE FRENCH WARS IN ANNAM, 1882-1885

The desultory warfare which went on intermittently between the French colonial troops and the natives of Annam between 1874 and 1882 was a natural result of the French penetration of this country in their effort to build up and strengthen the Indo-Chinese colonies. All Europeans had been expelled from Annam in 1824; but the conclusion of the Anglo-French campaign in China, which ended in the Treaties of Tientsin in 1858, offered excuse for a second expedition for the capture of Sagon, where the French established themselves in 1859, employing it as a base for the spread of their power through the rest of Indo-China.

Fighting with the Annamese in 1873 resulted in a treaty in the following year, made without reference to the suzerain power of China, which promised toleration of missionaries and the internal peace of the country. Further difficulties of the missionaries provided a convenient excuse for the extension of imperial boundaries, with the result that in 1882 French troops again interfered.

The Chinese unofficially encouraged irregular troops known as the "Black Flags" to aid the forces of the Annamese; and as the French came to realize this, their proposals were made both directly to Pekin and to the Annamese, in the first case for the cession of the southern part, and in the latter for the cession of all of Tonkin.

The treaty was finally concluded with the Annamese, but without approval from the Chinese imperial government, which eventually repudiated it entirely. French troops attacked the city of Sontai in spite of warning that the Chinese would regard this as an act of war. Almost immediately afterward, the invaders also seized the towns of Hanoi and Haiphong. The Annamese now renewed their war

against France, while negotiations for peace with the Chinese were progressing.

An agreement had been reached and peace was believed to have been secured when a misunderstanding with regard to the frontier between French and Chinese troops precipitated an engagement in which the French were defeated. A fleet promptly blockaded the coast of Formosa and fired upon Chinese vessels at Foo-Chow. The French representative at Pekin retired to Shanghai, while Chinese forces were pouring into Tonkin. The French were finally victorious, and a protocol signed April 4, 1885, gave France a protectorate in Tonkin and charged her with the maintenance of order there.

Until 1896 the French Indo-Chinese possessions were a useless burden and a heavy drain on the exchequer of the republic; but with the appointment of M. Doumer as Governor-General, reforms began which placed the colony on a sound financial basis. The foreign trade increased between 1893 and 1902 from 162,000,000 francs to 400,000,000; and the share of this which France received grew from 30,000,000 or less than a fifth, to 148,000,000 or more than a third.[1]

This petty colonial war is another example of the extension by force of arms of the boundaries of an industrial state for economic ends. In Annam the expansion met with eventual success, although at first apparently doomed to a failure similar to that of Italy in Abyssinia. It is the first of the four wars in the Far East since 1878, in all of which the effects of economic pressure either in Europe or Japan are to be seen.

[1] These figures are from the *Cambridge Modern History,* vol. xii, *The Latest Age,* p. 528.

CHINO-JAPANESE WAR, 1894-1895

Jutting out between the Japan Sea and the Yellow Sea, the southern extremity of Korea approaches so close to the Mikado's territory that a powerful enemy, once established there, may absolutely and completely dominate Japan, since whoever holds Korea can in a few hours transport his troops across the narrow strait for the invasion of the islands. A naval Power, moreover, established in Korea, dominates the Yellow Sea and the Sea of Japan, and is able to select its time and hour to strike at any place along the Japanese coast. The peninsula is therefore, in the hackneyed phrase, "a dagger pointed at the heart" of Japan; and its possession is indispensable to Japanese security.

But the economic importance of Korea to the expanding island Empire far exceeds the military, for Japan, since the awakening, has afforded a perfect example of the effects of increasing population, followed by food shortage, excess of production, and the consequent demand for territorial expanse with a view to securing foodstuffs, raw materials, markets, and room for colonial territory to relieve the surplus population of the fatherland. Korea offered the most logical ground for the expansion of the Island Kingdom. It offered, too, a stepping-stone to Manchuria and the limitless Siberian wheat fields beyond. Its geographical position made it practically a part of the chain of islands which constitute the Mikado's dominions. It offered room for colonization, it was rich in natural resources, and it was inhabited by a gentle race easily to be dominated by the sturdy and vigorous islanders who coveted it. There were 3,185,000 acres of cultivated land, and 3,500,000 acres arable but as yet not under cultivation. The crops could

be increased 150,000,000 yen by the application of scientific methods, and could support an additional population of from five to six millions.[1] Such a land was a tempting prize for any Power, and especially to a nation gradually beginning to feel the need for expansion.

This was the logic of the situation as it began to be clear to the leaders of the Japanese in the years before the Chinese War and as it became increasingly clear during the years between that first conflict and the death grapple with the Russian Bear.

The Chinese Empire laid claim to suzerainty over Korea. As in Annam, this suzerainty had been asserted with varying degrees of strictness, but had come to amount to little more than the sending of tribute to the Chinese capital. Indeed, Korea had at one time acknowledged the suzerainty of China and Japan simultaneously and had continued still to submit to the government of her native emperors!

Realizing the weakness of the Koreans, the Japanese insisted upon treating with them as with an independent state, since it would be perfectly possible to coerce the native government into granting whatever trading privileges were desirable and probably eventually to find pretexts for interfering with the internal affairs of the peninsula and assuming the reins of government. All of this was impossible so long as the Hermit Kingdom was formally recognized as a tributary of the Chinese Empire.

Shots fired upon a Japanese naval vessel engaged in survey of the Korean coast had in 1875 afforded excuse for interference, but the opportunity was finally allowed to pass, although in the following year a treaty of friendship and commerce was signed. In 1884 an attack by native

[1] K. Asakawa: *The Russo-Japanese Conflict,* p. 27.

Koreans (whose intense dislike for foreigners extends even to other members of the Mongolian race) upon the Japanese legation, led to the dispatching of Japanese troops to the kingdom, an example which China promptly followed, with a view to asserting her authority and safeguarding her own interests. On April 18, 1885, the Treaty of Tientsin was ratified, by which China was brought to admit the independence of Korea and to agree to send no more troops into the country without sending notification to that effect to the Japanese Government, which had already accomplished its main object in the recognition of Korean independence.

In the years intervening between this treaty and the war, a number of incidents occurred which served to fan the flames. In 1889 the action of a Korean governor of the province of Haingyondo cut off the export of rice to Japan, which was no longer capable of providing all her own foodstuffs and had become partly dependent on foreign supply. The removal of this restriction, which had been the outcome of anti-foreign sentiment, and the payment of a claim of 110,000 yen in 1892 averted further difficulties at the time; but in 1894 the murder of Kun Okkiun, a Korean political exile who had found refuge in Shanghai, the conveyance of his body and the murderer to Korea on a Chinese vessel, together with the enthusiastic reception by the Koreans of the murderer and the insults offered to the body of his victim, stirred up feeling between the two nations still further. In the same year began the Tonghak movement in Korea, riots by anti-foreign natives with which the government was unable to cope.

The Chinese Resident offered the help of his government's army to the Koreans and the troops began to move in; but, following the provisions of the Treaty of Tientsin, the

Japanese Government was promptly advised. The Chinese troops were disembarked June 8, 1894. By the 11th Japanese troops were also on the way. China having refused to join in insisting upon internal reform in Korea, Japan on the 20th of July presented the Korean Government with an ultimatum demanding numerous changes.

Hostilities with China followed almost immediately, precipitated by the firing by Japanese war vessels upon Chinese ships. There followed in quick succession Japanese victories at Assan, at Ping Yang, the naval victories of the Yalu, the fall of Port Arthur, and of Wei-hai-wei.

Negotiations for peace began March 5, 1895, and the Treaty of Shimonoseki was ratified May 8th, of the same year. By the terms of this treaty, Korean independence [1] was again specifically recognized, an indemnity of 200,000,000 tales was to be paid to the Japanese, and trading privileges in China were granted them. Most important of all,

[1] *The Official Account of the Russo-Japanese War* prepared by the German General Staff, sums up succinctly the Japanese economic aims in this war and the advantages to Japan of Korean independence: "Having dropped her timid seclusion from the outer world, Japan, sooner or later, was bound to assert her authority also abroad. The growing weight of taxation arising from the expenditure for civil service, for the army, and for the navy, and her rapidly increasing population, forced Japan to find new markets beyond the limits of her island empire, and room for the employment of her surplus population. For this purpose no country was more favorably situated than Korea; ancient connection and tradition pointed to that country. . . . In the face of Korea's helplessness and China's weakness, it was sure not to be difficult for Japan to jockey an independent Korea according to her own sweet will, and to monopolize Korean trade by virtue of her advantageous geographical position and the ability of her merchants and tradesmen." English edition, pp. 3-4, Lieutenant Karl von Donat, translator.

Thomas Cowen, an English journalist long resident in the East and familiar with the statesmen of Japan, attributed to Marquis Ito the following summary of the conflicting claims of China and Japan in Korea: "The claims of China over Korea were historical only—i.e., as the history of China reckons Korea among her tributaries and as China had the greatest repugnance for changing the face of history as the worthy legacy

the Island of Formosa, the Pescadores, and the Liao-Tung Peninsula, including Port Arthur, were ceded to Japan.

Nothing could show the economic motives of the war more clearly and specifically than the terms of this treaty, every one of the important provisions of which was of an obviously economic character. Japan had now secured most of the objects on which she had set her heart. An independent Korea could easily be overawed to such an extent that the Japanese could secure any concessions that they might desire as regards trading privileges, immigration for the relief of the congested population, and the supply of raw materials.

From this time dates the Japanese monopoly of Korean trade, which grew rapidly prior to the Russian war and has increased enormously since then. The Chinese merchants, who had withdrawn during the war, were speedily replaced by enterprising subjects of the Mikado. The Chinese in Korea were never again one-tenth so strong numerically, as they had been before the war, and after its close their commercial ventures were confined almost entirely to the silk import trade on the west coast.[1]

Moreover, a first step had been taken which might ultimately open the way to annexation of Korea. The addition of Formosa and the Pescadores served the territorial and commercial aggrandizement of the Empire, and the acquisition of Port Arthur was of the very highest importance for

of ancestral emperors, so she was intent on claiming Korea as her vassal state. *The claims of Japan over Korea were economical*—i.e., she did not claim any regal authority over Korea; but from her geographical position and the necessity of providing for her constantly increasing population, she was intent on utilizing Korea as the best source from which the defect in the home product of rice was to be supplied as well as the nearest field in which the future sons of Japan might find employment." See Thomas Cowen: *The Russo-Japanese War.* The italics are my own.

[1] K. Asakawa: *The Russo-Japanese Conflict,* p. 15.

winning and holding economic and military supremacy in the Far East. Its possession implied the power of Japan to checkmate any of the European Powers which were contesting for the supremacy in the East. Not only did it check the expansion of Russia, but it gave the Japanese themselves abundant opportunity for expansion into Manchuria, and, if the time should ever come, for the seizure of Korea. To hold Port Arthur meant to possess a base for attack upon both coasts. Most important of all, the Power that held Port Arthur was in the best possible position for winning the dominant influence in China, for securing the lion's share of Chinese commerce and of the exploitation of natural resources; and for preventing that complete partition of the Chinese Empire among European Powers which would be fatal to Japanese hegemony and which Russian expansion was making more and more probable within the next decade or two.

Precisely because it was so important to Japanese supremacy that the flag of the rising sun should float above Port Arthur, it was equally important to the European Powers which were rivals for economic privileges and influence in the Orient that it should not float there. If Japan were once to establish herself in this stronghold, her opportunities for mastering the trade of the Far East surely would be such that her European economic rivals would of necessity fall behind. Russia, France, and Germany, therefore, united in "advising" Japan to return it to the Chinese and to accept an increase in the amount of the indemnity by way of compensation.

This action on the part of the Powers, whose economic rivalry with Nippon was supported by greatly superior armaments, coming at the moment of triumph of a proud nation which had for the first time proved its capacity for using the new methods of western warfare, precipitated a

storm of fury throughout the island Empire. In every class the nation had been permeated with the ambition to win hegemony in the East, and the importance of retaining Port Arthur was as clear to every one as were the motives of the three European nations in withholding it.

The Japanese press, which even then shared many of the less desirable characteristics of the American newspaper, published many bitter articles.[1] Pamphlets attacking the Powers and demanding retention of the port, appeared on every hand. Only a country thoroughly under police control could have avoided being swept into war by the sheer weight of popular excitement; and as it was, the newspaper censors worked overtime. Newspapers were suspended right and left, but new ones sprang up in their places to reiterate their patriotic utterances until they, too, were suppressed.

The Mikado's government had to yield and knew it, for Japan was not yet ready to meet western nations in a trial of skill with western armaments. Yield they did, but from that time on, every Japanese knew that the struggle was to be between Russia and Japan for the trade and supremacy of the Far East, since it was Russia which was held responsible for the joint action of the three governments.

There followed an orgy of territory-grabbing by European nations which served to show the keenness of the economic rivalry that had come to exist among states which felt the pressure of their industries behind them, in their efforts to find new portions of the earth to exploit. More and more Japan became convinced of the dangers of her position from the military as well as from the economic point of view, realizing that it was only her proved power which spared her the fate of helpless China. Germany secured Tsing-Tao, France Kuang-chan-wan, Great Britain the whole of

[1] A detailed account of the popular excitement may be found in Thomas Cowen's *The Russo-Japanese War,* p. 34.

the Kowlung Peninsula, north of Hongkong,[1] and then upon the Japanese evacuation, Wei-hai-wei. The bitterest blow that the pride of the Japanese in their achievements ever received was the subsequent negotiation between China and Russia giving to the latter state not only trading rights in Manchuria which made her a still more serious economic rival, but also that very coveted position in Port Arthur from which the Japanese themselves had been driven by Russian diplomatic maneuvres only a short time before. After that there was no thought of anything but war with Russia, and a continuous, determined preparation for that conflict when its day should come.

THE BOXER UPRISING, 1899-1900

The Boxer Rebellion is commonly represented in the West as an outburst of fanaticism due to accidental infringement by Europeans upon ancestor worship and similar Chinese "superstitions" and to resentment of the activity of the missionaries; so that the Relief Expedition which marched to Pekin is thought merely to have put down an unjustified and brutal native rising.

Not only is this view wide of the truth, but it neglects entirely all the underlying and some of the immediate causes of the outburst initiated by the Chinese society, the "Fists of Righteous Harmony." It does not do justice to the painfully real grievances of the Chinese and it represents altogether too glowingly the altruistic motives of the European Powers, whose economic rivalry and greed in seizing everything Chinese upon which they could lay

[1] Great Britain secured Hongkong by treaty in 1842; a foothold of about five miles on the Kowlung Peninsula in 1860; and the whole peninsula in 1898.

hands had had a great deal to do with provoking the outbreak.

The extent to which economic causes were operative as well as their importance, can be seen with perfect clearness by a study of the international situation in the Far East between the Treaty of Shimonoseki and the beginning of the Boxer troubles.

If there were cynics among the statesmen of the Chinese Foreign Office, they must have realized at once that the compulsion exercised upon Japan to secure the evacuation of Port Arthur was not prompted by disinterested concern for the integrity of Chinese territory. Scarcely had the Japanese departed when the economic rivalry of the Powers of Europe began to show itself and their demands began to be heard. First in the field was Russia, suggesting a loan to the Chinese Government to be applied to the payment of the Japanese war indemnity. Loans, when they cannot be met by disorganized native governments, offer admirable excuses for seizing territory; and if the governments do prove able to meet their obligations, the loans are still beneficial to the financiers who arrange them. That was why the Tsar generously offered to help the Chinese pay the war indemnity imposed by Japan. The loan was one of 400,000,000 francs, at 4 per cent., and was sufficient to pay half of the indemnity. It was arranged nominally through the Russo-Chinese Bank, which was thus brought into prominence and which soon extended through Siberia and the Far East, maintaining thirty branches and serving as a cloak for the commercial schemes of the Russian Government.

In 1897 two obscure German missionaries were most opportunely killed by the Chinese. Germany promptly landed troops and seized the bay of Kiao-Chau on the coast of the Yellow Sea, the operations being commanded by the

same Admiral von Diedrichs who later encountered Dewey at Manila. Just what connection this had with making reparation to the families of the dead missionaries is not quite clear; but at any rate Germany had obtained a foothold which was the beginning of her share in the economic struggle in the Far East and of further exploitation of the country. China was browbeaten into leasing, with full rights of sovereignty, the bay and contiguous territory to Germany for a period of ninety-nine years, within which time many things could (and did) happen. Established in the principal port of the province, Germany immediately began a process of penetration by means of railways and mining concessions.

In 1898 announcement was made that the Russian fleet had received "permission" to winter at Port Arthur, then in Chinese hands, and in the following May, under threat of hostilities, China ceded Port Arthur and Dalni, the strategically and economically highly important tip of the Liao-Tung Peninsula. There was an ominous silence from the Japanese Foreign Office, but a frenzy of indignation broke out anew among the people of Japan.

In the meantime, Great Britain and France, far from seeking to maintain the integrity of the helpless Chinese Empire, had themselves been seeking their share of the spoils. Great Britain, not content with her recent acquisitions, Kowlung and Wei-hai-wei, now demanded a pledge from China that the Yangtse Valley should never be alienated to any other power, and thus secured the dominance of British commercial interests in that fertile region. Japan made similar demands as regarded the widely separated provinces of Fukien and Amur.

In April, just before Russia had secured Port Arthur, France handed in her demands—nothing less than a ninety-nine year lease of Kwang Chau for use as a coaling station,

railway rights to Yunnanfui from Tonkin, and a promise not to alienate to any other power the provinces of Kwan Tung, Kwangsi, Yunnan, or the Island of Hainan, and, finally, further extension of French rights in the vicinity of Shanghai. The last demand was of particular gravity in its consequences because, with characteristic European indifference to native beliefs, the lines proposed interfered with a native cemetery and therefore with the peaceful repose of the ancestors worshipped by the Chinese of Shanghai. This was one of the incidents which particularly enraged the native populace.

The Chinese Empire consists altogether of eighteen provinces. Thirteen of these had now been invaded by the foreigners, among them the most populous, the most wealthy, and the most desirable—holding within their borders the most important waterways, harbors, mines, and all of the economic centres to which foreign commerce could gain access.

In view of all this aggression, which was purely the outcome of the economic rivalry existing among European nations, it is at least comprehensible that the Chinese were maddened with hatred of the foreigner. The war with Japan had been brought on by the Manchu Government, and since most of it had been fought in Manchuria, a district which was peculiarly their own, the great mass of the inhabitants of the Empire had regarded it with comparative indifference as a concern of the dynasty rather than of the Chinese. Until very recently, indeed, patriotism in the sense in which a Westerner thinks of it was not known in China; but these demands of the foreign powers were spread throughout the country and affected every one.

Besides the irritation produced by foreign intrusion in a nation which for years had sought to keep to itself, there were other causes of dissatisfaction. The burden of taxa-

tion to meet what remained of the indemnity and the interest of the Russian loan with which one-half had been paid, was crushing. The economic balance in China, always in a rather precarious state, was disturbed by two years of bad weather with consequent bad crops, and added to the complexity of the financial situation. Thousands were reduced to the verge of famine; rebellion, brigandage, and piracy increased; and many of the malcontents went over to the growing Boxer Society, attributing their woes wholly or in part to the foreigner.

Even the patience of the government began to give out, so that when in 1899 Italy—always belated in the colonial field—put in a claim for a coaling station at Sanmun on the Chekiang coast, together with a railway and mining grant in the province, she met with blunt refusal. The Italian Government hesitated to use force, and so desisted, the more so as these efforts were looked on with disapproval by the Powers already secure in their own possessions.

When, shortly after his accession, the new Emperor began to show a tendency to adopt the methods and ways of life of the hated "foreign devils"—who had shown themselves devilish enough in their greed and unscrupulousness, Heaven knows!—and actually issued a series of edicts intended to make sweeping reforms throughout the state, it was too much. The Dowager Empress, by a *coup d'état,* put herself at the head of the government, by a polite fiction exercising her sway through the Emperor, and gave covert encouragement to the Harmonious Fists. In 1899 the Society broke into open violence, tortured and killed missionaries and converts in great numbers, and in the summer of 1900 laid siege to the foreign legations in Pekin. American and Japanese troops had served to check the progress of the Boxers somewhat, and the besieged legations were finally relieved by an expedition composed of

Japanese, French, German, Russian, American, and British forces.

The rising having been finally suppressed and peace restored, the Powers imposed an indemnity upon China, and entered into an agreement for the mutual maintenance of Chinese integrity from that time onward, and for the prevention of further European encroachment upon her territory.

The whole rebellion was one more case of protest by the natives of a weaker land against exploitation at the hands of foreigners. It was territorial aggression and economic greed growing out of European rivalry which lay at the root of the trouble, and the contributing difficulties, friction with missionaries, ancestor worship, and the rest, were merely the immediate occasions.

"Of all immediate causes of this last upheaval of China against the Occident," says Clements,[1] "these aggressions were the most important factor. Had they never occurred it is doubtful whether there would have been a rebellion."

European greed had attained to such a pitch that every possible way of extorting profit from the helpless native government was employed. Engrossed in their own rivalries, the states of Europe had paid scant heed to the suffering and natural resentment of the Chinamen. Commercial servitude, loss of sovereignty, the forcible extortion of ninety-nine year leases, foreign dominance in their finest harbors, the hypothecation of the *likin* and salt revenues, special contracts and concessions to foreign promoters, the eternal talk of partition, diplomatic wrangles and demands for "spheres of influence," indemnities demanded on grounds which no European Power would have thought of tolerating if applied to itself,—these were some of the forms in which

[1] Paul H. Clements: *The Boxer Rebellion,* p. 26.

the economic hostility of the Great Powers appeared to China. It was this that the Chinese resented in war, a war which must be laid at the door of the ambition for economic expansion of the great nations of the world.

THE RUSSO-JAPANESE WAR, 1904-1905

The conflict between Russia and Japan is the result of the clash of their economic interests, purely and simply. The growing population and industry of Japan required more than the Korean territory for which the Chinese war had been fought. Manchuria was needful also. But Russia likewise sought to expand in Korea and Manchuria. It was necessary for her to do so for various economic reasons —to possess more natural resources, to win a larger place in the markets of the Orient, and to secure ice-free ports. It was necessary for Japan to expand in the same direction. The growth of her population and her manufactures, and her need for food supplies and for markets made this imperative. It was because of these things that the Japanese dreamed of supremacy in the East. It was life and death to them that they should be supreme.

Other incidents which fanned popular hatred and led on to war were the outgrowths of this fundamental economic clash. The Japanese desire to retain Port Arthur in 1895 was not primarily military or naval; it was rather economic—a way in which to begin expansion in Manchuria, a way to Korea, and most of all, a way to halt the Russian rival. For exactly the same reasons, Russia desired the stronghold. When she could, she took it from China by threat of war. When Japan in her turn was strong enough, she, too, took it from Russia by force of arms.

Japan, it is true, desired to prevent the partition of China, but this desire was economic in its origin, certainly

not altruistic. The partition of China among the Great Powers, towards which Russian policy was obviously tending and which would have favored Russian economic interests, would have ended the Japanese hopes of expansion. What happened in Shantung when the Germans secured Tsing-tao gave fair warning of what might be expected throughout China if the powers once divided it among themselves; and Russian expansion in Manchuria, without opposition, made it fairly clear that in the end China would be divided unless something happened to put an end to the encroachments of the Slav. Japan's object was to delay the partition until she was herself strong enough to prevent it by force.

The gradual development of Russian power in Eastern Asia can be traced from the Seventeenth Century, but none of the lands then acquired served to satisfy the country's greatest economic need—ports free from ice the year round. This has always been the principal difficulty in the way of the more complete development of Russian commercial possibilities. The Baltic ports, which open commercial relations with the states of Scandinavia and central Europe, and an outlet (always under the possibility of German control) to the Atlantic, are few in number and are ice-bound part of the year. Archangel, to the north, is six months choked with ice, and Vladivostok to the east is only a little better. In the south, Russia has ports on the Black Sea, but all this commerce must pass back and forth under the perpetual menace of the Dardanelles. The foreign trade of southern Russia exists only by virtue of the whims of the Power that holds Constantinople.

The logical step for Russia was to secure possession of the straits, which have for centuries been in the hands of the gradually decaying Ottoman Empire. Economic and naval considerations made its possession extremely desirable,

for not only did all the commerce of the south of Russia pass this way, where it could be cut off at any time, but the Turkish rule closing the passage to all warships, bottled up the Black Sea fleet and prevented the exertion of Russian naval power in the Mediterranean, except after a very long voyage from the Baltic. But British economic and naval considerations stand in the way. Constantinople, it cannot be too often repeated, lies on the trade route to India. British wealth measured in millions passes back and forth within easy striking distance along that route. It is an artery in which flows the very life blood of the British Empire. Great Britain will never permit a strong Power to establish herself there. The impotent Turk? Well and good. But Russia? Never.

Through all the centuries the great mass of Slavs, the largest population in Europe, literally numberless, inhabiting a country of rich natural resources with hundreds of miles of the best farming land, have remained closed up within a country which has no ports. Blocked to the north, west, and south, the trend of the Russian has perforce been towards the east. For the Slav, too, there has been a *Drang nach Osten.* Vladivostok, the Mistress of the East, was a beginning, but it was not enough, for even this port is not ice-free, and Russia must touch warm water somewhere before her economic future can be assured. In her Asiatic as in her European politics, this one motif is ever-recurrent. In one form or another it is continually turning up.

The occupation of Saghalin, to the exclusion of Japan, is but the following out of this policy, but it was further south, to the Yellow Sea, that Russian ambition really turned. Along these coasts, in warm water, there were several ports through which Russian enterprise might build up a commerce that would make the Slav supreme in the

Far East and bring to his country a boundless wealth.[1] In Korea there were Gensan, Mansampo, an ideal naval base, and Chemulpo; and in Manchuria, Port Arthur, Dalni, and Tei-lien-wai. To secure one of these only, would be success; to secure all of them would be a triumph; and towards these ends Russian policy was directed steadily until the defeat which Japan had long been planning put an end forever to Slav dreams of eastern hegemony.

Russia had secured Vladivostok in 1860 and had secured at the same time the cession from China of a slip of coast extending from the province of Amur to Korea. In the following year an attempt to occupy the Straits of Tsushima was foiled by the British. The southern part of Saghalin was taken in 1875 and in 1885 an effort was made to secure Port Lazarev in Korea, while British attention was being distracted by a diversion along the Afghan frontier.

The beginning of the Trans-Siberian Railway in 1891, an enormous undertaking, was one of the most important steps in carrying forward the Russian trend to the East. The Tsar's government now used its influence at Pekin, enhanced since the interference with the Japanese at Port Arthur, to gain the right to run the railway across Chinese territory in a straight line to Vladivostok, instead of taking the more circuitous northern route. Not only did this measure make the line shorter and the cost of construction less, but it practically assured to the Russians the control of a strip of territory roughly 800 by 400 miles in extent, since the existence of the railway without military protection was not to be thought of, and since the opportunities

[1] General Kuropatkin, writing after the war, said, "The question of obtaining an outlet on the Pacific Ocean was discussed in Russia some time ago. It was thought that an exit to ice-free seas would eventually be a necessity in view of the immense growth of our population." *The Russian Army and the Japanese War,* p. 146.

of exercising authority were greatly increased by the coming of the railway. In 1896 Japan suggested the delimitation of Russian and Japanese spheres of influence, Russia to have Manchuria and Japan Korea; but the Tsar's government declined to accede. Two years later Russia acquired Port Arthur, under the circumstances already described, thus administering the bitterest blow possible to Japanese pride.

The humiliation of the Japanese quite aside, this action opened a new source of friction in that Russia now wished to connect Kwan Tung in which Port Arthur is situated, with Vladivostok, 600 miles to the north. Manchuria and Korea, through which the proposed line would have to pass, thus acquired a new interest.

In spite of the extensive immigration of Japanese into Korea that had been going on for some years, a lively commerce with Japan, and the presence in the Hermit Kingdom of Japanese troops detailed to guard the legation and telegraph line from Fu-san to Seoul, Russian influence spread more and more. Russian officers and civil servants began to find temporary employment; and in China a large commercial organization was formed, with Russian officers at the head, to exploit the timber on the lower Yalu.

During the Boxer disturbances, Russia found a further opportunity for extending her influence by sending troops into Manchuria to protect the Trans-Siberian Railway where it crossed Chinese territory and for the suppression of revolts which might spread across the frontier. Alarmed by the Anglo-Japanese defensive alliance of 1902, Russia concluded an agreement with France in the same year, and then in order to strengthen her favor at Pekin and avoid conflict with other European Powers, drafted a treaty with China for the withdrawal of the troops in Manchuria, at

the same time guarding sufficiently against the exploitation of the province by other nations. The withdrawal was purposely carried out so slowly as to be practically non-effective.

By the end of the year 1902 the strength of the Japanese army and navy was so increased that the Foreign Office felt secure in adopting a bolder front. Up to this time the patience of the Japanese had been so great as to be ominous, had it been interpreted aright. Now, however, with a strong army and navy ready to strike instantly, and with a treaty with Great Britain which would operate to prevent a repetition of the European intervention which followed the Treaty of Shimonoseki, Japan was ready for the war which her statesmen had long recognized as inevitable.

In July of 1903 the Japanese Foreign Office commenced negotiations with Russia for the regulation of affairs in Korea, where the economic rivalry of the two Powers was most obvious, and also in Manchuria, demanding recognition of the independence and inviolability of both China and Korea, recognition of the preponderating influence of Japan in Korea, and Russia in Manchuria, limitations of the troops of both powers in their respective territories, and an open door for Japan in Manchuria and for Russia in Korea. In order to gain time while the last section of the railway around Lake Baikal was being completed, Russia delayed her answer. Japan stood firm while Russia sought to evade the issue. Proposals and counterproposals passed, while the Russian troops in the East were being increased in number, and the concessionaires on the Yalu pushed their work. Realizing that her military preponderance was being jeopardized and that time was precious, and forced, moreover, by the warlike spirit of the people, Japan demanded a definite date for a reply to her last

proposals, responding to further Russian efforts at temporizing by the recall of her ambassador.

Without the formality of a declaration of war, Japanese war vessels delivered an attack at Port Arthur, while simultaneously, General Kuroki's army landed in Korea; and for the first time a modern army of an Asiatic Power was pitted against that of a European Power. The Russians were driven back on the Yalu, were besieged in Port Arthur, defeated at Liao-Yang, and again at Mukden. At sea the Port Arthur fleet, the Vladivostok fleet, and the Baltic fleet were successively destroyed.

The terms of peace, which were concluded at Portsmouth, New Hampshire, September 5, 1905, gave Japan the territory necessary to her economic development, the possession of Port Arthur, and revenge for the European intervention of two years before, together with the Russian lease of the Liao-Tung Peninsula, the Russian railways in lower Manchuria, and the southern half of the Island of Saghalin.

With her supremacy in the East assured, Japan was enabled to carry through the economic program which she had mapped out, quite as ruthlessly as any European Power. Insurrections in Korea led at length to the abolition of the kingdom in 1910 and the establishment in its stead of the Japanese Province of Chosen. The acquisition of Shantung as a result of the Treaty of Paris has carried out almost to the full the economic development desired by the statesmen of Japan.

The series of wars in the Far East is plainly the outcome of economic conditions, and the final conflict which definitely established Japanese hegemony, is evidently due to the direct clash of two rival policies of expansions made necessary by economic pressure. Even when we include among the motives of the Japanese the fear of being swal-

lowed up and made a colony in the process of Russian growth, European economic need, real or fancied, is still the cause. The war broke out because of the existence of two sets of economic purposes which from their very nature led to conflict.

If confirmation of the economic character of these wars were needed, it would be found in the events which followed. The war with China had resulted in the practical expulsion of Chinese merchants from Korea. The second war was followed within five years by formal annexation, which added political domination to the economic penetration that had amounted to nearly the same thing, in the years succeeding the victory of the Mikado's forces. As Chinese economic interests had been ended in the provinces that Japan had marked for herself, so were the Russian.

Slowly at first, but none the less steadily (and in the years succeeding annexation, much more rapidly) infiltration of Japanese settlers into the old Kingdom of Korea, which now became the new province of Chosen, began to relieve the overcrowding of the growing populace at home. In 1895, immediately after the Chinese War, there were but 10,463 Japanese in Korea.[1] Gradually their number increased, until immediately after the war with Russia there were from 40,000 to 50,000. After the war immigration grew at the rate of from 20 per cent. to 39 per cent. annually, until in 1918 there were 20.6 Japanese to every square *ri* (5.95501 square miles, or 15.42347 square kilometres) and they formed 1.87 per cent. of the total population. In other words, each square *ri* in Japan had contributed about twelve persons to each square *ri* in Korea.[2] In the city of Seoul alone, one-sixth of the population was Japanese and

[1] *Statesman's Yearbook,* 1897, p. 731.
[2] *Japan Yearbook,* 1918, p. 684.

the total number there equalled all those in the country before the Russo-Japanese War.[1]

Comparison of the statistics of Japanese immigration and those of other countries during the years immediately before the World War and the first two years after, leaves no doubt as to what was occurring: [2]

Year	*Japanese*	*Other Nationalities*
1912	243,727	16,589
1913	271,591	17,439
1914	291,217	18,025
1915	303,659	17,100

The efficiency of the Japanese administrators, merchants, and technical experts resulted in an enormous improvement of the handling of the natural resources of the country, particularly after the formal occupation. The foreign trade of the country grew from 59,000,000 yen in 1910 to 131,000,000 in 1917.[3]

A few years before the Chinese War the shares taken by the various countries in the import trade of Korea stood as follows: Great Britain 57 per cent., Japan 19 per cent., China 12 per cent., Germany 8 per cent., other states 4 per cent.[4] The defeat of China and the growth of industry, joined with the enterprise of the Japanese, speedily changed all that. At the outbreak of the war with Russia, Japan had gained approximately a third of the import trade and was receiving almost all of the exports. By 1914, 290,000 tons of iron ore were being taken each year

[1] *Statesman's Yearbook,* 1916, p. 1113. This authority adds: "There has been a large immigration of Japanese into the Peninsula of recent years and a considerable exodus of Koreans into the neighboring Russian and Chinese territory."

[2] *Japan Yearbook,* 1918, p. 684. These are Japanese figures, compiled by Professor Y. Takenob of Waseda University.

[3] Charles H. Sherrill: *Have We a Far Eastern Policy?* p. 179.

[4] *Statesman's Yearbook,* 1892, p. 442.

from the Korean mines all used by the Government Steel Works at Wakamatsu, which will eventually rely upon Korea for half its raw material. The Korean production of such rare but important metals as tungsten and molybdenum all go to Japan.[1] Even in 1901 and 1902 this development of commercial relations was going on rapidly, as is indicated by the following table: [2]

In pounds sterling:

Year	*Total Korean Exports*	*Japanese Share*	*Total Korean Imports*	*Japanese Share*
1901	1,080,345	970,663	635,085	247,624
1902	1,130,429	1,041,395	695,020	280,843

How far Japanese trade has progressed since the annexation, the following table demonstrates: [3]

In yen:

Year	*Total Korean Exports*	*Japanese Share*	*Total Korean Imports*	*Japanese Share*
1910	19,913,843	15,378,643	39,782,756	25,348,085
1911	18,856,955	13,340,551	54,087,682	34,058,434
1912	20,985,617	15,369,009	67,115,447	40,756,013
1913	30,878,944	25,022,544	71,580,247	41,214,749
1914	45,667,340	29,421,949	53,606,448	39,865,572
1915	49,492,000	40,900,000	59,199,000	41,535,000
1916	56,801,000	42,964,000	74,456,000	52,459,000
1917	83,774,000	64,725,000	102,886,000	72,096,000
1918	154,189,148	137,204,875	158,309,363	117,273,413

In trade and in immigration, in the export of her manufactured goods and the import of food and raw materials, and in the gradually increasing outlet of her population, Japan's Korean policy demonstrates the economic pressure that forced the Empire on to her successful wars.

[1] *Japan Yearbook,* 1918, pp. 692-693.

[2] *British Diplomatic and Consular Reports,* Annual Series, No. 2999, p. 8. Quoted by K. Asakawa: *The Russo-Japanese Conflict,* p. 16.

[3] The statistics, from 1910 to 1912, inclusive, are from the *Japan Gazette,* p. 329; from 1913 to 1914, inclusive, from the *Statesman's Yearbook,* 1915, pp. 1105-1106; from 1915 to 1917, inclusive, from the *Japan Yearbook,* 1918, p. 689; and for 1918 from the *Statesman's Yearbook,* 1920, p. 1033.

THE BOER WARS, 1880-1881, 1899-1902

Analysis of the causes of the Boer War of 1899-1902, and of the less important war that preceded it, is difficult because of the complexity and variety of the factors involved. The more ardent British patriots have denied any ambitions on the part of their country, whether economic or imperial, and have presented the war as the outcome of a simple desire to secure justice and the Transvaal citizenship and franchise for their oppressed fellow-countrymen.[1] If this claim is to be admitted, we have the remarkable spectacle of a great state warring with a smaller state in order to enable its own subjects to divest themselves of their native citizenship and take up that of the hostile state!

On the other hand, distinguished British economists have asserted (did, indeed, assert while the war was still in progress) that the Empire was being made a catspaw for a selfish group of financiers who were promoting their own financial interests at the expense of the two nations.[2] The fact that there existed throughout the war a strong English pro-Boer party, which included some of the most eminent living Englishmen, serves to give color at least to this belief, and to indicate that the causes of the war were far from being idealistic.

[1] Sir Arthur Conan Doyle (*The Great Boer War*, p. 26) says: "Our foreign critics with their misapprehension of the British colonial system can never realize that whether the four-colored flag of the Transvaal or the Union Jack of a self-governing colony waved over the gold mines would not make the difference of one shilling to the revenue of Great Britain."

[2] J. A. Hobson in a volume (*The War in South Africa*, p. 197) published while the war was still in progress, declared: "We are fighting in order to place a small international oligarchy of mine owners and speculators in power at Pretoria." In a later passage he returns to his theme: "This war is a terrible disaster for every one else in England and South Africa, but for the mine owners it means a large increase of profits from a more economical working of the mines and from speculative operations."

Undoubtedly the economic factor did enter to a large degree, and, as I shall presently show, undoubtedly it was the underlying, if not the immediate cause of the war. It is equally true, of course, that the British citizens, like all the miners resident in the Transvaal, were suffering from a discrimination which the most thoroughgoing pro-Boer could scarcely have regarded as either just or fair.

We may outline four general theories of the causation of the war, after which a survey of the undisputed facts in the case should enable us to choose between them. These theories are:

1. That the Transvaal was the actual if not the apparent aggressor, and that it was probably instigated by jealous Continental powers, especially Germany, with possible promises of assistance which did not materialize.

2. That the British Government was deliberately used by financiers and mine-owners in the Rand, and driven forward by a popular rancor which was deliberately created by interested persons.

3. That imperialistic motives prompted Great Britain to round out her South African dominions by the forcible inclusion of the two Boer states, which by geographical logic belonged with the British colonies there.

4. That both governments handled a complex international situation clumsily, misunderstood and distrusted one another, and so blundered into a situation from which neither could extricate itself without war.

It will be observed at the outset that the first three of these motives for war are directly or indirectly economic. The jealousy of European powers, which certainly did encourage the Boers, was largely over colonial matters, which have already been shown to have their roots in economic rivalries. The deliberate use of the government's war

power by the financiers is patently and obviously economic, and the theory that imperialistic ambitions prompted Britain to the crushing of the Boer states is equally economic in its ultimate origin, since economics lies at the base of modern imperialism. Only if we are willing to believe that pure and simple blundering on the part of both governments, embittered by racial hatred, was the whole cause of the war, can we escape the entrance of economics, in some form or other, into the Boer War.

The Boers, or Afrikanders as they had come to call themselves, were the descendants of Dutchmen who had settled in South Africa in the Eighteenth Century and had been reinforced by a few Frenchmen, Huguenots or *émigrés* driven out of France by the political and religious disturbances there. In 1836-39, in order to escape the incoming British, they had retired further into the heart of Africa, in what was known as the Great Trek, and had established themselves without any formal state organization. In 1877 their territories were annexed by the British and the change in their status was quietly accepted. In the latter part of 1880, however, enraged by the non-fulfillment of promises made them when the British took possession, the Boers rose and—defeating at Majuba Hill the few troops that could be gathered against them—threw off British sovereignty completely in 1881.

It is said that the Boers when they took possession of their new lands, soon came to realize the value of the gold deposits there, but that they concealed their knowledge from the rest of the world, in order that they might continue the peaceful agricultural life to which they were accustomed, and avoid the incursion of Uitlanders which was certain to follow if the existence of these very rich deposits should become known.

Diamonds had been discovered in South Africa between

1867 and 1871, and as early as 1879 Lord Wolseley had prophesied that extensive gold fields would eventually be found in the Transvaal. Five years later the accuracy of his judgment was proved by the discovery of immense quantities of precious metal in the mountains of the Transvaal known as the Rand, and during the next two years (1884-86) as exploration and prospecting was carried further, the deposits were gradually found to be of greater and greater richness.

Uitlanders—the term applied by the Boer inhabitants of the Transvaal and the Orange Free State to all non-Boers—poured in from all sides. Most of them were British, but all nationalities were represented among them. The Boers bitterly resented their presence, in spite of the greatly increased wealth which the gold mines—in almost every case worked by Uitlanders—brought to their state. The rate at which this increase in revenue to the state proceeded may be seen from the following table, which begins a few years after the gold craze and continues almost to the outbreak of the war: [1]

In pounds sterling:

Year	*Revenue*	*Expenditure*
1889	1,577,445	1,201,135
1890	1,229,060	1,386,461
1891	967,191	1,350,073
1892	1,255,829	1,188,765
1893	1,702,684	1,302,054
1894	2,247,728	1,734,728
1895	3,539,955	2,679,095
1896	4,807,513	4,671,393
1897	4,480,217	4,394,066

This revenue was derived almost wholly from the gold mines, a large proportion in direct taxes and the rest in indirect; and as the Uitlanders owned almost all of the

[1] J. A. Hobson: *The War in South Africa,* p. 84.

mines they soon found themselves paying seven-eighths of the taxes to support a state in which they had no representation. They demanded the franchise, which was the last concession in the world that the Boers were prepared to give, since the great numbers of the Uitlanders would have given them control of the state which the Boers felt that they had carved for themselves out of Africa, and which they thought should belong to them in perpetuity.

The exasperation of the Uitlanders at this denial of what they regarded as their political rights was accentuated by the fact that whilst Britishers in the two Dutch republics were denied the franchise, the Dutch residents of the British colonies enjoyed political equality; and since the colonies had been placed on a self-governing basis in 1872, and their Dutch population outnumbered the English, the Boers were able to run the government to suit themselves. The novel situation was in this way presented of a Dutch majority ruling a British minority in British territory and a Dutch minority ruling a British majority in Dutch territory!

British exasperation grew when later legislation made it increasingly clear that the Boers had no intention of ever granting any share in the government to the newcomers. The requirements for naturalization were made more and more strict, so that, whereas previously two years' residence had been sufficient to qualify for citizenship, in 1882 this was raised to five and in 1890 to fourteen years.

In addition to these fundamental grievances, the Uitlanders had others—an alleged corruption in the Boer Government, which certainly was very slack; the fact that they possessed no control over the type of education given their children; the denial of a free press; the denial of the right of public meeting; disability from jury duty; and harassing of the mining interests by special legislation directed against them. Besides all this there was the perpetual problem of

native labor, which the Boer sanction of the liquor traffic among the blacks made increasingly difficult.

The Dynamite Monopoly offered another cause of grievance, more fancied than real, but sufficient to inflame the indignation of the Uitlanders against the government. South Africa was at this time using one-half of the world's supply of dynamite. Obviously the control of a trade of such volume meant tremendous profits for the firm that enjoyed it. Such a monopoly had in 1888 been granted to one Lippert, who made it over to a French company. This was cancelled in 1893 and what was in form a government monopoly was established. This gave most of the trade to the South African Explosives Company, which was affiliated with Nobel's Dynamite Trust, and made a profit of some forty shillings a case, paying about five shillings of this to the government. The exact nature of the agreements governing this company have never been made clear, and the mystery that was allowed to exist certainly justified the suspicions of corruption entertained by the mine owners, who found themselves forced to pay a high price for the explosives without which their gold mining could not go on.

In 1887 the right to construct and operate all railways in the Transvaal was awarded to the Netherlands South African Railway Company; and the choice of the route for the new road was left to President Kruger. Two ports were available as the seaboard terminals: Delagoa Bay, in Portuguese territory, directly to the east, and Port Elizabeth in British territory further to the south. Kruger chose the first and thus further alienated English sympathy, since the volume of the trade of South Africa was in this way inevitably diverted to the Portuguese and in a large measure this important trade route was left at the mercy of the Boers.

Besides winning the distrust of its neighbors, the Boer Government had also incurred the hostility of the capitalists who were at the head of the Rand mines. The control of these companies had gradually been centred in the hands of a comparatively small group, some of them Englishmen as in the cases of Rudd and Cecil Rhodes, but a large number, if not a majority, Jewish by race and German by birth. Wernher, Beit & Co., more commonly known as the "Eckstein Group," controlled twenty-three mines and three other concerns active in other financial fields, dominating capital with an actual market value of 76,000,000 pounds. This group also exercised a large measure of control in the Consolidated Goldfields (Beit, Rudd, and Cecil Rhodes) which controlled a group of nineteen mines and had a nominal capital of 18,120,000 pounds, and also in S. Neumann & Co., with a capital of 8,806,500 pounds. The same men were more or less concerned in other corporations, including the Rothschild Exploration Company. The exact ramifications of these groups are of course not to be determined exactly, but the facts are known to have been about as stated, and at any rate serve to indicate the degree to which the gold fields had been brought into the hands of a comparatively small number of powerful financiers. There were also the J. B. Robinson mines, nineteen in number, with a total nominal capital of 14,317,500 pounds. Last of all, it must be borne in mind that most of these men were among the owners and life governors of DeBeers, the diamond interests.

International financiers practically owned the Transvaal, and although the exact nationalities of the various shareholders have never been determined with any precision, it is at least probable that French and German holdings exceeded the British. Liquor, dynamite, and gambling

interests were in the hands of the same groups of capitalists that controlled the mines.

Friction between the Boers who held the political rights and resented the presence of foreign capital, and the capitalists whom they taxed, was natural and to be expected; but it is not so entirely true as has been believed, that the taxation was unjust. The mines were taking out of the Transvaal 100,000,000 pounds a year, and were paying dividends of from 60 per cent. to 100 per cent. per annum. The direct tax upon this was 2.5 per cent. of the mine profits.

It was easy enough for these powerful groups to secure control of the press and to do a great deal by means of it to stir up anti-Boer sentiment in spite of the legal restrictions which the government exercised. Cecil Rhodes, together with Messrs. Eckstein and Barnato, had acquired a leading interest in the *Cape Argus,* the evening paper at Cape Town, and with this as a nucleus gradually built up a chain of newspapers which included the *Johannesburg Star,* the *Bulawayo Chronicle,* the *Rhodesia Herald,* the *African Review,* and the *Kimberley Diamond Fields Advertiser.* Having a group of newspapers whose circulation reached almost every part of South Africa, this group could very easily reach public opinion in both Boer and British territory and stir up the people as was desired. Hostile to the Boer Government, the capitalists were able to secure the publication of inflammatory articles which had much to do with the eventual outbreak of the war.

It is perhaps not possible to determine to what degree the British Government was actuated by a desire to extend the Empire further in South Africa, but it is at least significant that by the acquisition of the Transvaal and the Orange Free State at the close of the war, the British possessions in South Africa were properly rounded out into a

coherent *bloc* which included practically everything south of the Zambesi River.

The situation which existed was such that war was bound to come sooner or later. In 1895 a group of Uitlanders planned a rebellion which was to give them control of the government, since the impossibility of political adjustments which would give the franchise to others than the Boers was seen to be quite impossible. Dr. Jameson, lieutenant to Cecil Rhodes, who was at that time premier of the Cape Colony, gathered a force of 500 police, with three field guns, on the border of the Transvaal, for the assistance of the rebels. The rising of the Uitlanders having been postponed, Jameson boldly led his troops across the frontier, on as mad a raid as has ever been attempted. Within two days he and his men were prisoners. Boer resentment was bitter; and, since the raiding force was made up of the colonial police, Rhodes was accused of conniving at an exploit of the preparations for which he could scarcely have been ignorant.

The relations between the British colonies and the Boer states went from bad to worse. The diplomacy on both sides was futile and blundering, so that when in April, 1898, the Uitlanders petitioned the British Government to secure political rights for them, a clash could hardly be avoided; and when in October the Boers sent an ultimatum demanding the withdrawal of British troops from the border, hostilities had to follow.

The British were miserably unprepared for war. The weakness of the forces then in South Africa furnish the best possible reason for believing that they neither wished nor expected it, for there were available only two cavalry regiments, three field batteries, and six and a half infantry battalions, about 6,000 men in all. Against them, according to the figures of the British Intelligence Service, the

Boers could muster 32,000 men in the Transvaal, 22,000 in the Orange Free State, which cast its lot in with the sister republic, and about 100 guns. Mercenary troops and rebels from the British domains, in addition to these, brought the total to about 100,000 men.

The war opened with Boer triumphs, and it was not until they had been borne down by sheer force of numbers that the Transvaal and the Orange Free State submitted. In all, Britain was compelled to send a total of 450,000 men to South Africa. The two republics, losing their independence, became integral parts of the British Empire, but received in all respects the most generous terms and have in the end, as the events of 1914 showed, been successfully assimilated.

Re-examination, bearing all these facts in mind, of the four theories of the origin of the war previously stated, serves to show the dominance of the economic motive in one form or another. Without underestimating in any way the infinite capacity of diplomats to blunder, it is impossible to attribute to this alone the outbreak of the war. Even diplomats cannot do quite so badly as that.

Instigation from the Continent probably played a comparatively minor rôle in egging the Boers on to war, although the famous telegram from the German Kaiser to President Kruger at the time of the Jameson raid serves to show that the chancellories of Europe were at least not blind to the situation in South Africa, and the opportunities it offered for embarrassing Great Britain, their economic and colonial rival. Financiers did profit exceedingly by the war, and it is idle to assume that they were blind to this prospect, or inactive in bringing it about. Nor is it too much to believe that Great Britain was not wholly indifferent to the possibility of rounding out her South African dominions.

Whether one accepts one or all of these causes as the genesis of the war, the importance of economic pressure as a cause of war remains, for (setting aside the view which attributes the whole difficulties brought about by diplomatic blunders) all of the causes have an economic root. Certainly the friction between the Boer government and the capitalists grew out of trade rivalry, as did the difficulties over the diversion of trade from the British colonies to the rival Portuguese port, through the construction of the Netherlands Railways.

The first war between the British and the Boers was an evident case of hostilities following imperial expansion. The basal economic character of such expansion has been shown. The second Boer War must also be set down as another example of a conflict due fundamentally to economic causes.

THE CUBAN INSURRECTION AND SPANISH-AMERICAN WAR, 1895-1898

Nothing could have been further from the thoughts of the average patriotic American in 1898 than economic considerations or trade rivalry in connection with the war with Spain. It was regarded in America—with a good deal of justice—as a conflict undertaken from altruistic motives. Its object was to put an end to intolerable conditions existing at our very doors, the exploitation of a helpless people by a brutal and wholly corrupt and inefficient administration.

The American troops who embarked for Cuba believed firmly that they were going to liberate the down-trodden from a cruel enemy. To suggest that behind the whole series of events lay economic troubles and that economic greed and rivalry were at the root of the war, would have

appeared simple blasphemy; yet had the economic causes been inoperative, the Cuban insurrection would never have begun, and the consequent war between the United States and Spain would never have been necessary.

There had, to be sure, been previous insurrections on the island, but none of proportions comparable to that which broke out in 1898, because none had such a weight of misery as a driving force behind them. It was the alterations in the status of the sugar market of the world, the benighted colonial policy of Spain, and the wholly selfish exploitation of Cuba by Spanish greed, together with tariff discrimination unfavorable both to the United States and to Cuba, which produced the poverty, wretchedness, and dissatisfaction that caused the insurrection.

The island of Cuba is an agricultural land, almost wholly dependent upon its single staple crop, sugar-cane, which constitutes four-fifths of its produce. The other fifth is mainly tobacco. During the period immediately preceding the outbreak of the insurrection of 1895, partly as the result of a new method of seed-selection devised by Louis Vilmorin, the European production of beet sugar had been enormously increased, with the result that the demand for Cuban sugar-cane fell off with great rapidity. The amount of sugar made from European beets rose from 200,000 tons in 1850 to 3,841,000 tons in 1894,[1] but the world's consumption had not increased proportionately. The Cuban market

[1] Albert G. Robinson: *Cuba and the Intervention,* p. 31. Sugar had been discovered in beet roots in 1747, by Andreas Sigismund Marggraf, of the Berlin Academy of Sciences. His pupil, Franz Carl Achard, established the first beet-sugar factory in 1801 at Cunern, near Breslau, in Silesia. Napoleon's policy increased prices and gave an impetus to the industry, but his fall nearly wrecked it in Germany, the French manufacturers' more scientific methods enabling them to survive. In the Nineteenth Century, Vilmorin devised a method of testing beets for seed, by floating them in a brine strong enough to sustain all except those containing an unusual quantity of sugar.

was almost destroyed. At the same time, tobacco growing in Egypt, Turkey, and other Asiatic countries had increased, and Europe was being supplied more and more from these regions because of their greater accessibility and the lower cost of transportation.

This left the United States almost the sole market for Cuba; but at the same time the American production both of beet and cane sugar, and also of tobacco was developing, though not sufficiently to shut out the Cuban plantations entirely from their northern market.

The natural result was a fall in the price of Cuban sugar, and a very heavy reduction in the profits of the planters, together with general unsettling of the economic condition of the island, which was productive of a great deal of misery. The situation demanded retrenchments, economies, and the application of scientific methods of production to an extent which the Cubans were not capable of accomplishing.

The planters looked to the Spanish Government for a readjustment of conditions which were seriously affecting the prosperity of the island; but they found small help in the venal, corrupt, and clumsy Spanish colonial administration. Spain, in the Nineteenth Century, was still pursuing the same policy that had cost her an empire in the Seventeenth. Learning nothing from the colonial experiments which had built up the British Empire in the very lands where her own possessions had gone to ruin, the Spanish Government continued to regard colonies as existing solely for the enrichment of the mother country, and administered Cuba accordingly—blindly, stupidly, and with an incredible inefficiency.

Although the only remaining outlet for the sugar cane grown in Cuba was the United States, Spain continued to maintain a system of tariff discrimination which diverted

to the manufacturers of Catalonia the Yankee millions paid into the hands of the Cubans for sugar cane. Coal, iron, manufactured goods, the island imported from abroad. The United States, almost within sight of the Cuban coast, possessed all these, and as Cuba's principal customer, might well have expected the major portion of Cuban trade in return.

To prevent this very exchange from taking place, Spain had so adjusted her tariff system that everything which the Cubans bought must come from Spanish merchants. In many cases the only way in which American goods could be sent into Cuba was by shipment to Spain and then by re-shipment back across the Atlantic. The Spanish merchants, assured by their paternalistic government of a monopoly of the Cuban market, took advantage of their favorable situation to charge exorbitant prices. The result in Cuba was the reduction of industry, with consequent poverty, misery, idleness, and general unrest.

Bad as the economic situation was, other causes for discontent among the islanders existed. The government was inefficient and corrupt. The Spanish governor of the little island received more in pay and allowances than the President of the United States. The government posts were in the main held by Spaniards, especially the more lucrative; and Cubans who were able to find a way into the government usually despaired of improvement and followed the example in corruption set them by their Spanish masters. Managed as it was, from above, and managed not for the benefit of its people, but for the profit of Spain, the colony's taxation system speedily developed into another fruitful source of discontent. The taxes were heavy, and the Cubans regarded them as unjust.

In 1868-1878 the vaguely felt discontent which had always smouldered in the island burst out in a rebellion

that dragged along for ten years, but was confined altogether to the eastern provinces. There had been previous revolts, but the memory of this one remained vivid. Then came the economic crisis and the suffering which attended it. Spain did nothing to remedy, through political adjustment, the economic evils that dragged on year after year. Prior to 1894 the United States tariff still allowed a degree of reciprocity to Cuba, in spite of the discrimination against America in the tariffs of Spain; but on August 27, 1894, the passage of the Wilson Bill [1] put an end to this concession and made the economic condition of the Cubans still more precarious. The situation had been bad enough when the Spanish tariffs made Cuba a dumping ground for Spain; it became intolerable when a second tariff system still further affected the sugar. Planters began to decrease their acreage, and the laborers thus thrown out of employment, formed a group of malcontents who were fertile breeding ground for insurgent propaganda.

The inefficiency and amazing folly of the Spanish administration becomes apparent when it is considered that the revolution which in the end deprived Spain of one of the most fertile islands in the world, grew fundamentally out

[1] A contemporary account by the former American minister to Spain attributes the revolution entirely to this bill: "There can be no doubt that the economic crisis that followed that event (i.e., the passage of the bill) precipitated the present revolution. When exposed without mitigation to two systems of hostile tariffs, at a time when the price of cane sugar had been reduced by competition to a very low point, the Cuban producers threw up their hands in despair, and the bands of laborers thus deprived of work were the first to swell the ranks of the insurgents. . . . When, therefore, we arrive at the final cause that drove the Cubans into the present revolution, we discover that the rising really grew out of a struggle for bread—a struggle for bread in one of the most favored spots in the world, produced in the main by economic laws wedded to the obsolete doctrine that the commerce of a colony is a possession which the parent state has a right to manipulate in its own interest regardless of the fate of the colony itself."—Hannis Taylor: "Review of the Cuban Question," *North American Review,* 165:616-617, N., '97.

of a struggle for food in a land which might have been one of the most productive in the world. Selfishness, greed, stupidity, expressed in a blind neglect of the economic situation in the fertile island—these caused the Cuban insurrection and the American intervention which had to follow.[1]

When the army of Gomez began hostilities in 1895 it did not have the support of the entire Cuban population. Only gradually did it come to win the backing of all classes, or of most, at any rate; and it was not until two years later that complete independence from Spain was made the avowed object of the insurrection, which thus became a revolution. Autonomy was proclaimed by the rebels in November, 1897.

The Cuban native army, although greatly inferior in numbers and equipment to the Spanish regulars operating against it, had very much the better of it, owing to the fact that it was operating in friendly territory, could obtain supplies more easily, and was much more mobile owing to its superior ability to move through the jungles. In order to deprive the rebels of these advantages as far as possible, Weyler, the Spanish Captain-General, adopted a policy of concentration, stripping the country of every inhabitant,

[1] The views expressed on this point and the analysis of the causes of the war by Albert G. Robinson are interesting. He says: "It is an important fact, though generally overlooked, that repressive economic laws have been in every case the provoking cause of Cuban revolt. Unlike those of her neighbors in Latin America, Cuba's insurrections have never been the outcome of purely political conditions. Nor have they ever been the result of individual ambition. Spain's colonial policy was, in every instance, the cause of Cuban revolt. In that policy, she violated a fundamental principle of government. She assumed that the subject existed solely for the benefit of the sovereign. In establishing her colony she sought only her own financial advantage. Other colonizing countries learned, through experience, the folly of such a policy. Spain never learned it, and has now lost her insular possessions."—Albert G. Robinson: *Cuba and the Intervention,* p. 2.

and moving men, women, and children forcibly into concentration camps where they suffered extreme privations.

It must be remembered that the Insurrectos, too, had adopted a policy very much the same, and that they had put into effect in 1895 a policy of economic warfare which involved a deliberate devastation of their own country in order to hamper the Spaniards.

There can be no question that the American intervention was prompted in the main by humanitarian motives. The brutality of Spanish administration had inflamed public opinion in the United States, which was carefully played upon by Cuban *juntos* and by the sensational press. The island of Cuba swarmed with American special correspondents, all engaged in sending back to their newspapers the most emotional stories possible.

It was this primarily that brought about American intervention in 1898; and this was the only cause for war of which the public was aware. But this was not actually the sole American motive. For at least a hundred years it had been realized by various American statesmen that Cuba belonged economically to the United States, and proposals for acquiring possession of it had been made from time to time.

In President McKinley's famous message to Congress dealing with the subject of intervention, in April, 1898, the economic motive appears explicitly in the third of his reasons for interference:

> "*Third,* the right to intervene may be justified by the very serious injury to the commerce, trade, and business of our people, and by the wanton destruction of property and devastation of the island."

The "serious injury" amounted to the practical wiping out of American trade in Cuba, which at the beginning

of the rebellion had been nearly $100,000,000 annually.[1]

Even in the absence of a direct economic motive affecting the interests of the United States themselves, the intervention in Cuba may properly be regarded as due to economic causes, simply because it was a result of the insurrection; and since this revolt grew directly from economic causes, the intervention may certainly be said to have grown indirectly from them.[2] The entire conflict was due to Spanish exploitation of a fertile colony. If economic justice had prevailed in Cuba there would have been no insurrection, certainly not a revolt sufficiently widespread to give rise to the reign of brutality in its suppression which brought the United States into the war.

The Cuban Revolution and the Spanish-American War were both the outcome of economic rivalry, with three main phases: first, between the European and Cuban sugar industries; second, between the economic interests of the colony and those of the mother country; and third, between American and Spanish manufacturers, with advantage on the side of the latter, through tariff discrimination.

THE GRECO-TURKISH WAR, 1897

The war between Greece and Turkey in 1897, which ended in Greek defeat after only thirty days of campaigning, was too trifling an affair to deserve much attention. Yet it is of interest because it shows how, even in wars waged for racial or political reasons, economic conditions still contrive in some measure to find entrance.

[1] Hannis Taylor: "A Review of the Cuban Question in its Economic, Political, and Diplomatic Aspects," *North American Review,* 165:611, N., '97.

[2] "The Cuban Insurrection against Spain, and thus indirectly the Spanish-American War, was the outcome of the sugar situation." E. R. A. Seligman: *The Economic Interpretation of History,* p. 86.

In the conflicting interests and the jealousies of the great Powers involved in this war, moreover, the old element of European international discord, which we have seen springs in large measure from economic causes, again comes into play. England loses ground with the Ottoman Empire, whose favor is all-important to keep Russia out of Constantinople and away from the route to the rich lands of India. Germany seeks to curry favor with the Porte in order to facilitate the *Drang nach Osten* and the relief of German over-population, the excess of manufactures, and the need for markets and raw materials. Russia, ever with an eye to Constantinople and the necessity of securing her southern trade routes, vies with Germany in seeking to establish herself in the good graces of the Sultan. All of this diplomacy has an origin in the economic difficulties of the great Powers.

Yet the motives which led the venal Greek statesmen into war upon the Turk were not primarily economic. The difficulties arose over the ever-perplexing Cretan question, and were not wholly concerned even with territorial aggrandizement by possession of the island. The motives were very largely religious and racial, for the Cretans were brothers in blood of the Greeks and in the main the population of the island professed the Christian faith; but they were under the rule of the Sultan, who evaded whenever possible his agreement to assign a Christian Vali to govern them.

Turkish rule in Crete was no better than Turkish rule has ever been anywhere. The Cretans were oppressed; they thought themselves over-taxed; and the government of the island was corrupt. There had been numerous revolts, of which the most recent and the most vigorous had been suppressed successfully by the Ottoman government. Dur-

ing the year between this revolt and the beginnings of the difficulties between Greece and Turkey, there had been several massacres of Christians, which roused a powerful pro-Cretan sentiment in Greece, although it must be admitted that when the opportunity came, the Christians in Crete showed themselves quite as ready to massacre Moslems as ever Moslems had been to massacre them.

In 1896 a Greek patriotic society, the Ethnike Hetaira, which had for one of its objects the relief of Crete, began to increase in power. It was not in essence different from the Serbian patriotic society which Austria alleged in 1914 had been instrumental in the murder of the Archduke Ferdinand. The existence of such societies is inevitable wherever a coherent racial unit is forcibly amalgamated with an alien civilization and government, although in this case it springs up in independent Greece rather than in the oppressed land of Crete itself. As in Serbia, so in Greece, the army was largely represented in the membership—to such an extent that three-quarters of the commissioned personnel is said to have belonged. This society had a great deal to do with rousing the sentiment of the Greek nation, and when in 1897 there were more massacres, war was the most natural consequence.

The armies of the two powers massed on the Thessalian frontier and the incidents that are the usual accompaniments of simultaneous mobilizations took place. Firing across the frontier did not serve to allay popular excitement.

February 11, 1897, the Greek navy, under the command of the Crown Prince, was sent to oppose the landing of Turkish relief on the island, with orders to use force if necessary. Two days later, Greek troops under the command of Colonel Vassos, moving to occupy the island, began

hostilities. The Greeks, after a few preliminary successes, were hopelessly defeated. Turkey won back again portions of Thessaly which had been ceded to Greece in 1881, and the defeated nation was compelled to give up for a time its hope of annexing Crete.

Although the ostensible and actual primary causes of the war were racial and religious, as well as humanitarian, it cannot be said that they were the only ones. Crete belonged to Greece, not only racially, but also geographically and economically. It is a very rich island, and the Turkish maladministration had not been so bad but that the land retained its wealth. It would have made a highly desirable economic addition to Greek territory, for Greece is not blessed with much fertile land.

The Hon. E. A. Bartlett summed up the economic situation in a paragraph: "Crete is a rich island which has been very lightly taxed under the much abused Turk. The Greeks desired to annex Crete, which they regard as a milch cow to be milked and bled for the benefit of Greece." [1]

THE HERERO RISING, 1903-1908

After the original annexation in 1885, German occupation of Southwest Africa had been disturbed only by an insignificant Hottentot revolt, suppressed in 1894, and a few local risings. This quiet possession of a colony whose commercial value was slowly developing, was broken in October, 1903, by an insurrection among the Bondelzwart natives, in the extreme south of the German dominions. Colonel Theodor Leutwein, the German governor, in his effort to crush the rebellion as speedily as possible, practically stripped Damaraland, in the north, of troops, giving oppor-

[1] E. A. Bartlett: *The Battlefields of Thessaly*, p. 17.

tunity to the Herero natives for a revolt which had long been planned and prepared.

Its motive was chiefly impatience with German rule, the inevitable clash between the colonizing white man, driven out of Europe by economic necessity, and the native whom he seeks to displace. This elementary cause for rebellion had been aggravated by abuses by the white traders, brutality of some of the officials, and encroachments on tribal lands.

By New Year's Day, 1904, Colonel Leutwein had suppressed the rising among the Bondelzwarts, but on the 12th day of January, the Hereros attacked the settlers in their country, murdering the families and devastating the farms. To deal with them, reinforcements had to be sent from Germany. The German army, lacking the long experience of colonial warfare possessed by the British, and for centuries trained in the tradition of European warfare only, did not adapt itself well to the guerilla tactics of the Hereros. In spite of a defeat in one pitched battle, the natives were able to terrorize the countryside until in October, 1904, a rising of Hottentots occurred to encourage them further. The German policy of *Schrecklichkeit* now adopted, provoked a third revolt, this time among Hottentot tribes hitherto quiet. The war dragged on until 1907, when German success led to a reduction of forces in the colonies; and hostilities were finally concluded in 1908.

Since it was a result of German colonial policy made necessary by the economic requirements of the new Empire, the Herero rising, like other conflicts between colonizing powers and natives reluctant to be dispossessed, is to be classed among the wars whose cause is fundamentally economic. In no essential respect does it differ from other wars of colonization.

ITALO-TURKISH WAR, 1911

Italy's war with Turkey to secure Tripoli was wholly the outcome of economic causes, principally the desire of the Italians to have a share in the undeveloped lands of the globe, in which their commercial rivals were rapidly outstripping them.

Nowhere can there be found a more perfect example of the way in which over-population produces emigration and compels a state either to seek an enlargement of its domains, or else to watch its citizens drift away and be absorbed into the civilization of other lands. In addition to the need for a colony where the surplus of Italian population might settle, a second economic motive for war existed in the Tripolitan mineral deposits and the possibility of extensive agricultural development under scientific management which the Italians felt themselves capable of introducing. At the bottom of the whole affair, besides the other economic interests, lay the pressure of the population of Italy.

Italy's imperial ambitions were so late in developing that when her statesmen sought room in the globe where their country and its trade might expand, they found most of the available territory already occupied by states too powerful to be dispossessed. The failure in Abyssinia is an obvious example, as is Italian inability to secure a share when the Powers were engaged in the scramble for Chinese territory. As the Italian nation came to unity in the years following the Risorgimento of 1860–1861, imperial ambitions arose, not merely because there was a feeling that the dignity of the united nation demanded possessions overseas, comparable to those of other Powers of Europe, but because an economic need for expansion in competition with the other Powers began to make itself felt.

No other nation, not even Germany, has faced an emi-

gration problem so serious as that in Italy, nor has any people shown itself more adaptable in settling in foreign lands. By means of an uncanny "wireless" the working classes in Italy, from which the emigrants mainly come, seem to know to a nicety the exact conditions of the labor market of the world, and precisely the right time to emigrate.

The tide of emigration has turned chiefly to the United States, but great numbers have gone to the Argentine Republic and to the French colony in Tunis—by the logic of geography an Italian dominion, into which, to the fury of Italian imperialists, France, with Bismarck's secret connivance, forced her way.

The loss of Italian citizens going to other countries rose between 1878 and 1900 from 96,000 to 352,782 and in 1906 reached its maximum of 787,977. In the following year it declined only a little, to 704,675; and in 1909 it declined still further to 625,637. Since then the emigration each year has hovered between 500,000 and 600,000.[1] These rates of emigration present a rough parallel to the rising excess of births over deaths during the years between 1880-1910.[2]

For the purposes of Italy, Tripoli was the only space left on the coasts of the Mediterranean, and to its acquisition Italian statesmanship accordingly turned itself.

Only a few weeks before the outbreak of hostilities, an editorial comment in the *Rassegna Nazionale* (Florence) summed up the Italian attitude toward the war in two succinct paragraphs:

"If tomorrow France should rule over the entire northern coast of Africa, not only would this cause added dangers for us

[1] Algar Thorold: "The Expansion of Italy," *Edinburgh Review,* 220:67: Jy., '14.

[2] See table on p. 17.

in case of hostilities—which it is to be hoped may never take place—when France could attack us from the French and African coasts and from Corsica, but also in time of peace we should be seriously annoyed by our relegation to secondary rank as a Mediterranean power, and loss of prestige. As well, we should be bound in an iron girdle that would render any industrial and economic expansion of almost treble difficulty.

"Every publicist recognizes the necessity of re-establishing the balance of power by means of an action on our part in Tripolitania, but some maintain that this action should be limited to an economic penetration without embroiling our relations with Turkey and without embarking on any colonial adventure. But is this possible?"

Of course it was not possible. The Ottoman Empire had Tripoli and intended to hold it. But the Ottoman Empire was weak and disorganized, still confused as a result of the revolt of the Young Turks three years before. Italy had the force to take what she wanted from a weaker nation and did so,—following the very practical principles of international ethics.

There is one defense to be made of Italy's appeal to force —aside from the obvious and sufficient justification that she needed Tripoli. That is, that efforts at a peaceful and merely economic penetration of the country had been thwarted at every step by the Turkish Government, whether from anti-foreign prejudice, or, as is more likely, from a well-grounded fear that the entrance of Italy in an economic rôle might be the prelude to political intervention supported by force if necessary, for the Turk has dealt with Europe through many centuries and is wise in the ways of the practical diplomat.

Italian immigrants, who had been going to Tripoli as well as to Tunis, had undeniably been ill-treated by the Turkish officials. Legal or illegal, the Turk used any means to discourage the coming of Italians. Turkish subjects who

ventured to sell lands to the infidel suffered from threats or actual imprisonment. Turkish troops used force to prevent native laborers from giving their services to the Italian settlers.

In spite of this, Italy had already made considerable peaceful progress in Tripoli when war finally broke out. Bi-monthly mail service by steamer from Sicily had been established to all the principal ports of Tripoli. In Bergasi there was an Italian post office with a savings bank and free Italian schools. Institutions of about the same sort had been set up in other parts of Tripoli and the Banca di Roma maintained Tripolitan branches and had done a great deal towards the economic development of the country.

In 1911 the hour for striking the blow to secure the colonies was as favorable as could be expected. The Sublime Porte was in even more difficulties than usual. Affairs had not yet got well settled after the revolt of the Young Turks. Spain and France were arranging what amounted practically to the partition of the Turkish possessions in Morocco. Bulgaria, also quick to take advantage of this state of affairs, had but recently declared her complete independence.

Europe, beginning to breathe again after the crisis at Agadir, which had threatened a war that might well have become general, was suddenly confronted, before its chancellories had received any intimation of what was afoot, with the Italian war. Events moved with amazing swiftness. An Italian ultimatum was presented to the Porte on September 28, 1911; Turkish efforts to temporize were rejected; and on the following day war was declared. A fleet under the Duc d'Abruzzi blockaded the port of Previsa in the Adriatic, and 40,000 troops were thrown into Tripoli with a speed and certainty that showed the smoothness of the working of the Italian staff, the result of

maneuvres held with this very purpose only the year before. Austria demanded that her ally should be content with carrying the war into Africa only, and that Turkish territory should otherwise be respected. Great Britain refused to allow Turkish troops to pass through Egypt (still nominally under Turkish suzerainty) on their way to Tripoli—all this within a week.

Turkey was hopelessly defeated and was forced to yield to the Italian demands. Her misfortunes in Africa prepared the way for those of the following year in the Balkans.

Though pressure of population was the primary reason for the Tripolitan war, the possibility of future food supplies from agricultural development in Tripoli under Italian direction, and of new markets for the growing industrial life of Italy must have been potent considerations in the minds of the Italian statesmen who willed the war. Although carried out on a smaller scale and with less consistent success than that of the other Powers, Italian colonial policy has sprung from the same economic necessity as theirs.

THE BALKAN WARS, 1912-1913

In the Balkans, war fills about the same place in the scheme of things that baseball does in America. This is a consideration that must be borne in mind constantly, when one attempts to estimate the motives which have made this group of little states a veritable hornet's nest for Europe and which in the end set the whole world by the ears. Among all the rivalries, economic, racial, religious, nationalistic, which have produced the turmoil of the Balkans, the pure love of fighting among its warlike inhabitants has not been the least.

In the welter of races, nationalities, religions, and ideals

which make up the Balkan states of Montenegro, Serbia, Bulgaria, Rumania, Greece, and the Turkish *vilayets* which in combination are referred to as Albania and Macedonia, there is ample cause for constant wars and threats of war. Only during the Nineteenth Century did the Balkan states win their independence of Turkish rule, and only gradually have they built up agriculture and the beginnings of industry sufficient to make their commerce great enough to create any economic problem at all.

The Balkan wars have been produced by the love of fighting. They have been produced by the hatred of the Moslem for the Christian and of the Christian for the Moslem. They have been produced by the brutality and corruption of the Turk in his administration of his provinces. They have been produced in retaliation for massacres—both Christian and Moslem. They have been produced in the effort to bring races together under the same government. They have been the reaction against oppressive taxation. But among all these, the economic causes which have produced war cannot be lost to sight. Balkan problems would have settled themselves long since, were it not for the interference of European Powers; and the motive for this intervention is economic. That the economic rivalries of the great Powers have had most to do with the prevention of Balkan pacification and of the adequate provision for the economic needs of Serbia, Montenegro, and Bulgaria, has been evident for years.

Until the year 1912, Turkey, although unable to maintain its suzerainty over its erstwhile vassals, had pursued with surprising success the policy of *divide et impera,* playing off one Balkan state against another, watching with satisfaction their difficulties among themselves, and taking advantage equally of the jealousies and rival ambitions of the Powers of Europe.

In 1912 a great light burst upon the statesmen of the little principalities. They realized for the first time to what an extent their bickerings among themselves were playing into the hands of the common foe, and they compromised. March 15, 1912, a treaty between Serbia and Bulgaria put an end to the ill-feeling that had existed since the war of 1885, and provided for joint action against the Turk. In September of the same year a similar treaty was made between Greece and Bulgaria. Montenegro, though not formally bound by treaty, came to an understanding, tacit and implied, though not formally expressed.

Hitherto the rivalry of the states had concerned itself chiefly with Macedonian *vilayets* still under Turkish rule, but populated by representatives of all the Slavic races in the Balkans, in sufficient number to give each state reason for claiming the same territory. By the terms of the treaties this rivalry was ended, and the lands to which each had a claim were specifically delimited.

The ambitions of the great Powers in the Balkans may be stated—too sketchily for complete accuracy—about as follows: Russia followed an intermittent policy of expansion toward Constantinople, and continued to follow a Pan-Slav policy through which she hoped to maintain her hegemony among the Slavic nations. She saw, moreover, in Kavalla, a way of escaping the menace to her commerce and her naval power implied in the Ottoman hold upon the Dardanelles. So far as sharing in the trade of the Balkans was concerned, the Russian economic interests were slight.

Austria-Hungary sought to expand southward to the Ægean and along the Adriatic at the expense of Serbia, eyeing with especial longing the port of Salonika, on whose possession the Serbs were equally bent. Serbian domination on the eastern shore of the Adriatic would jeopardize

Austria's sole route to the sea from Trieste and Fiume. To the Dual Monarchy the port of Salonika would mean a ready means of release for Hungarian and Austrian commerce, hampered by insufficient access to the sea. To Serbia the same port meant also the long-desired access to the sea and release from the complete dependence upon Austrian markets which the Austrians sought to impose on their smaller, land-locked neighbor.

German economic policy in the Balkans in most respects paralleled that of Austria. The formulation of the *Mittel-Europa* scheme and of the *Drang nach Osten* gave the Balkans a peculiar importance to both powers, since domination there was essential to the penetration of the Near East. If the Berlin-to-Bagdad Railway were ever completely built, a long section would have to run through this territory, which would be most valuable under either the German or the Austrian flag—a prospect rudely interrupted by the formation of the strong Balkan Confederacy.

Great Britain, for economic reasons and from strategic considerations which had their basis in economic considerations, had long sought to check Russian expansion, especially the acquisition of Constantinople, which controlled the route to India. The importance of Constantinople determined the policy of the British Empire toward Turkey, and hence toward the Balkans.

The economic motives for warfare among the Balkan states themselves consisted mainly in desire for the adjustment of obvious inequalities. Montenegro, a tiny principality, rocky and mountainous, with only a few fertile valleys, and with but a small opening upon the Adriatic coast, turned longing eyes toward the fertile plains of Macedonia. In the end she hurried into hostilities with Turkey, risking annihilation if the support of the other Balkan states should fail, because of the realization on the part of

the King's advisers, General Martinovich and M. Plamenatz, that if Europe took in hand the reform of Macedonia, where conditions had for years been a crying scandal in international affairs, there would be no hope of Montenegrin accessions.

Bulgaria needed a larger seacoast. She had, to be sure, secured a footing on the coast of the Black Sea, but she, too, aspired to reaching the Ægean, where the Turkish dominance at least would be less repressive, and in this ambition the Bulgarian and Austrian economic interests came into a sharp rivalry. Bulgaria also had a lively appreciation of the value of the fertile plains of Macedonia.

The condition of Serbia was the most precarious of all the future allies. Unlike the others, she was absolutely cut off from the sea, and her statesmen dreamed of restoring the ancient boundaries of the glorious days of the Serbian Empire. She was an important market for Austria-Hungary and the economic relationship existing was so close that most of the Serbian purchases were in Austrian markets. Situated as she was, the whims of the more powerful state could at any time cause inconvenience and irritation, or a situation even more serious. The closing of the Austrian frontiers to Serbian exports of pigs [1] had incensed the entire nation. So difficult was the economic position of the Serbs because of their restricted boundaries, that M. Milanovich at one time feared to risk a rupture with Turkey lest it should mean a complete economic isolation.

Greece still coveted nominal as well as actual possession of Crete, for the sake of its fertility as well as for racial reasons. There had been, besides, difficulties in the Balkans with regard to railway questions, in which the Turkish power had made difficulties, notably in the case of the Bul-

[1] See p. 173.

garian effort to connect railways with Salonika and the Greek effort to secure better connections with Europe.

With such a tangle of rival economic interests, made more complex by the gravity of racial and religious problems, it is small wonder that war followed immediately upon the completion of the agreements among the Balkan states which made them powerful enough to dare attack their erstwhile suzerain. The necessary spark was furnished by the peculiarly brutal atrocities at Kochana, the culmination of a long series of massacres.

Montenegro plunged boldly into the war alone, October 8, 1912, hoping for the support of the other states, and knowing her cause lost if she did not secure it. Within ten days war existed between Turkey and all the Balkan states except Rumania.

The success of the Allies was beyond all their expectations. Serbian troops drove southward and secured the coveted outlet to the Adriatic at Durazzo, November 28th, thereby checkmating Austrian ambitions for southward expansion. Montenegro forced its way to Scutari. Greece engaged the Turkish navy and seized Salonika, November 8th. The Bulgarians, in two pitched battles, Kirk Kilisse, October 22-24, and Lule Burgas, October 29-31, drove the Turks behind the Tchataldja lines, the last defenses of Constantinople.

Turkish requests for mediation led to a peace conference in London, December 16, 1912, where the Powers of Europe were represented as well as the belligerents. The economic rivalry which existed between Serbia and Austria appeared in the difficulties over Durazzo, which the Serbs insisted upon retaining, with a corridor to the sea, and which the Austrians knew would affect their interests in Albania, and along the Adriatic. Austria threatened to mobilize. The Entente Powers supported the Balkan states, but Serbia had

at length to give up her port, with assurances of access to the sea. January 6th, Turkey, finding the negotiations going against her, offered protest. The Balkan allies suspended discussion and resumed hostilities.

Bulgarians and Serbs forced their way to Adrianople; and Montenegro, defying Europe, took Scutari. Greece had kept up a show of hostilities even while the conference was in progress. May 30, 1913, peace was finally made after a second conference in London, which began May 3. War immediately broke out among the lately allied states over the distribution of the spoils, Serbia having been deprived of what she had expected, through the jealousy of Austria, which had led to the erection of the independent state of Albania, blocking Serbia from the sea. This was the outcome of economic difficulties of long standing. The chief advantage to Austria was the retention of her monopoly of Serbian trade so long as the Serbs were cut off from other nations by their lack of a port. Bulgaria was willing to attack Serbia rather than give up any of the gains of the war, which were greatly to her commercial advantage.

The economic causes of the Balkan Wars fall into two categories, the desire for expansion of the great Powers and those of the Balkan states themselves. It is true that the Powers whose interference frustrated the efforts of the smaller states did not contemplate immediate territorial aggrandizement at the expense of the states that they bullied. Both Germany and Austria, however, looked for this eventually, in connection with their efforts to build up empires which would supply them with the food, markets, and raw materials that they required. Their Balkan policies were necessary to the furtherance of this design. Russia was involved mainly through her desire to gain access to the Mediterranean; and England through her perpetual concern over Constantinople, even after the

Anglo-Russian understanding of 1907. French interests were involved because of the large sums loaned in the Balkans.[1] Evidently, with the possible exception of France, all were directly brought into the negotiations and to the verge of conflict, because of the familiar need of territorial expansion and the defense of colonial territory already acquired. The French motives were financial.

Although the pressure of population among the Balkan states was not serious, their economic motives did not otherwise greatly differ from those of the other powers. They, too, sought to satisfy what they regarded as their economic requirements.

The vast importance of economic pressure as an element in the causation of the wars of the world since 1878 is now evident, not merely from *a priori* examination of the situation of the states of Europe, as regards population, manufactures, and the supply of food and raw materials, but also from the study of the origin of the twenty most important conflicts of the period. In none of these is an important economic motive lacking.

Whether the cause of hostilities be the eternal clash between colonist and native, as in the Zulu War, the Abyssinian Wars, the fighting in Annam, the Boxer Rebellion, and the Herero Rising; whether it be an imperial impulse to acquire further territory or to safeguard investors, as in the Boer Wars and the Occupation of Egypt, the Nitrate War, the Greco-Turkish and Italo-Turkish Wars, the Balkan Wars, and the series of wars in the Far East; or whether it be an effort to win a strategic frontier for commercially profitable territory already acquired,—as was Great Britain's attempt on Afghan lands for the protection of India—the quarrel is economic at its root.

[1] These loans amounted to 1,000,000,000 francs in 1912. See p. 193.

If every state possessed a stationary population such as that of France, and immigration problems were thus ended; if every state were economically self-sufficing as regards food and raw materials, and had unhindered access to the markets of the world—there would be no need for colonies and spheres of influence. With them would vanish the squabbles over naval bases, the ruthless crushing of weak native states, the safeguarding of lines of transport, and the ever-present spectre of national starvation and unemployment should they be cut. In one fashion or another, as this survey of recent history has shown, such difficulties have been at the root of all hostilities.

In all of the great wars, an economic problem can be seen as the fundamental cause which makes conflict necessary, and though not always apparent to the peoples who are being led into war nor to the soldiers who fight, it is usually clear enough to the statesmen whose negotiations break off as war begins. It is equally apparent to any one who closely scrutinizes, not merely the record of political events and diplomatic interchanges, but the statistics which show the movements of emigration and immigration, the sources of food supplies and raw materials, and the commercial reports which indicate the never-ceasing struggle for markets.

CHAPTER IV

THE ECONOMIC MOTIVES OF THE WORLD WAR: 1914-1918

UNDERNEATH all the clamor about making the world safe for democracy, the sins of militarism, the guilt of the German, the neutrality of Belgium, and the saving of civilization from the beast, has lain the economic motive, in the World War as in all others.

Never has economic rivalry during the years preceding hostilities been more evident as a war-cause, although the ethical and idealistic questions at stake have served to obscure it; and the governments involved (even when most solicitous for the safeguarding of their economic interests) have quite naturally preferred to direct popular attention to other portions of their policy.

Not until the Peace Conference did the peoples of the various warring countries, and particularly of the United States, begin to realize how vast were the economic questions and interests underlying the war.

Great Britain, no doubt, did go to war to safeguard Belgium—the more so because only thus could the safety of her own territory be assured. (She has been by no means so much concerned over the safety of small peoples in other portions of the globe.) France, no doubt, fought to ward off the German hordes bent upon carrying *Kultur* to Paris, even though the French themselves had not hesitated to carry their own civilization to other benighted portions of the globe by force of arms. Austria-Hungary, undoubtedly, was righteously indignant over the murder of the Crown Prince Ferdinand. Even Germany was not wholly insin-

cere in insisting that she fought of necessity, ringed about by armed foes, jealous of her progress and seeking her destruction in order to eliminate from the field their most formidable competitor; for Germany *was* the most formidable competitor of most of the industrial countries of the world.

The origins of the war are to be found in the economic rivalries of the great Powers, not to the exclusion of the idealistic war aims which have been put forth, but none the less really and actually. The murder of the Crown Prince at Sarajevo or the invasion of Belgium did not *cause* the war or the participation of any particular nation. These events precipitated war in the same sense in which a sharp tap upon a test tube will precipitate a salt from a chemical solution just upon the point of saturation. The fundamental causes lie behind that.

Colonial rivalries in Asia, Africa, and the islands scattered here and there about the globe; friction over spheres of economic influence; difficulties over coaling stations and the safeguarding of trade routes; displacing by one nation of another in a favorite and long-accustomed field—all these have contributed to the era of fear, hate, and distrust that broke into war at last. Out of commercial rivalries and rival merchant fleets have grown up hostile navies. Out of ill-adjusted economic frontiers and the resultant suffering have grown great military establishments. In the end war had to come.

The surprising thing is not that the World War came at last, but that it did not come long before. The Casablanca affair in 1908; the Austrian violation of the Treaty of Berlin in the seizure of Bosnia and Herzegovina in 1908; the Agadir incident in 1911; the wars in the Balkans in 1912-1913, might any one of them have set the world ablaze, and every one of them did actually come near doing so.

These incidents were of minor importance in themselves—a German consul's broken cane, the annexation of two small provinces, the presence of a gunboat in an African harbor, the quarrels of a few small nations. But each one of them raised the spectre of a world war because the economic rivalry existing among all of the great Powers of Europe had led to friction so bitter and mutual distrust so general, to political rivalries, military rivalries, naval rivalries, so fierce, that the death of a single man could bring the whole world into death grips.

In order to simplify their treatment, the fundamental economic causes of the World War may be classified thus:

Anglo-German trade rivalry.
Franco-German trade rivalry.
The *Drang nach Osten* and the Bagdad Railway.
Austrian and Italian economic ambitions.

In all of these the group of economic motives already familiar is to be observed. Out of these four springs all of the international friction which reached its logical culmination in 1914. Out of the rivalry between Great Britain and Germany come the quarrelling over colonies and the growth of armaments, military and naval; out of them come the mutual distrust of the two nations, fear, then hatred, then war. In France there was the "revanche" because of the two lost provinces; yet even this was one part national sentiment to nine parts economics—principally the question of coal and iron. "Revanche" might have been wholly forgotten, too, had not the German colonial system begun to gall France with its machinations in Morocco. Out of the *Drang nach Osten* came a part of the Balkan troubles, British and French fears for commercial supremacy and the safety of oversea dominions. The Bagdad Railway, a mere private commercial enterprise in the

beginning, became an economic and military threat to France, England, and Russia. The Italian and Austrian ambitions for economic expansion have all added to the unrest in the Balkans. To Austria's own commercial ambitions is due the suppression of Serbia which bred the resentment that found expression in an assassin's bullet and a world at war.

ANGLO-GERMAN TRADE RIVALRY

Germans and German sympathizers were convinced in August, 1914, that whatever the reasons alleged, the real cause of British entrance into the war was jealousy of the commercial development of modern Germany and the determination to crush at all costs the most serious trade rival that had ever faced the British Empire.[1] The thesis rested on the assumption, first, that Germany and Great Britain were necessarily bitter foes, one of which must destroy the other; and second, that Great Britain, without

[1] This idea is repeated in the war utterances of leaders in all departments of German thought, economists, historians, politicians, soldiers, even theologians and clergymen. It formed the main theme of Count Reventlow's pamphlet *Der Vampir des Festlandes* that Great Britain's consistent policy during three centuries had been to destroy her commercial rivals as they successively arose, Spanish, Dutch, French, and last of all the Germans.

In his volume *England and Germany,* published as a defensive commentary on his earlier work, *Germany and the Next War,* General von Bernhardi again gives voice to this view, "England, this land which claims as its own private property all liberty, all justice, all spiritual superiority, has conspired to overthrow and destroy Germany, which never violated England's rights. And why? Only because German commerce seems to be growing burdensome to England." (*England and Germany,* p. 76.)

Professor Otto Hinze, the historian, of the University of Berlin, reiterates the same view: "For almost twenty years the successful competition of German industry in the commerce of the world has aroused the jealousy, the envy and the hatred of British business men and of the government which they control. . . . We desired to develop slowly in peaceful competition with England, until one day the older World Power

resort to arms, could not stand the competition which the tremendous advance of Germany had brought against her.

There is no denying that the loss of markets and the decrease of trade in certain commodities, and the alarming way in which German goods had forced their way into markets long regarded as exclusively British, were viewed with

would recognize Germany as possessing equal rights in determining the politics of the world. This development England sought to preclude by the war." (*Modern Germany in Relation to the Great War,* pp. 53-54.)

Friedrich Naumann, a prominent member of the Reichstag, writes: "We are unloved because we have found a method of work in which now and for a long time to come no other European nation can imitate us, and which consequently the others do not regard as fair." (*Central Europe,* p. 118.)

The collection of German war utterances made by the Dane, J. P. Bang, under the title *Hurrah and Hallelujah,* teems with variations on the same theme. The distinguished theologian, Adolf Harnack, in the compilation *Das Grössere Deutschland* (P. Rohrback, editor) declares: "England is leading the tremendous world war against us, and doing so from base competitive envy" (p. 164).

In a collection of war sermons, *Deutsche Reden in Schwerer Zeit,* Otto von Gierke exclaims: "The tremendous progress of Germany in commerce, industry, etc., called forth the envy of their neighbours, and they leagued themselves in the infamous attempt to strangle Germany by their superior force, an attempt emanating from the degenerate English shopkeeper soul, which craftily pulled the strings, until at last it summoned up courage for its unheard-of treachery" (p. 150).

Dean G. Tolzien of Schwerin, in a similar compilation, *Vaterländische Evangelische Kriegsvorträge,* echoes the same notion: "Is there any one who does not know why England declared war? Why? As Russia from greed of power, as France from a craving for revenge, so England from jealousy. From shop-keeper spite. Because she wanted to earn the thirty pieces of silver" (p. 126).

In this connection an extract from the famous leader in the London *Saturday Review* of September 11, 1897, is extremely apropos: "A million petty disputes build up the greatest cause of war the world has ever seen. If Germany were extinguished tomorrow, the day after tomorrow there is not an Englishman in the world who would not be the richer. Nations have fought for years over a city or a right of succession; must they not fight for two hundred and fifty million pounds of commerce? . . . England has awakened to what is alike inevitable and her best hope of prosperity. 'Germaniam esse delendam.'" (*Saturday Review,* 84:278-279: S. 11, '97.) That passage was widely read and long remembered across the North Sea.

a good deal of consternation as well as anger in Great Britain. The situation was summed up by Mr. H. G. Wells, when he wrote: [1]

"We in Great Britain are now intensely jealous of Germany. We are intensely jealous of Germany not only because the Germans outnumber us and have a much larger and more diversified country than ours, and lie in the very heart and body of Europe, but because in the last hundred years, while we have fed on platitudes and vanity, they have had the energy and humility to develop a splendid system of national education, to toil at science and art and literature, to develop social organization, to master and better our methods of business and industry, and to clamber above us in the scale of civilization. This has humiliated and irritated rather than chastened us, and our irritation has been greatly exacerbated by the swaggering bad manners, the talk of 'Blood and Iron' and Mailed Fists, the Welt-Politik rubbish that inaugurated the new German phase.

"The British middle-class, therefore, is full of an angry, vague disposition to thwart that expansion which Germans regard very reasonably as their natural destiny; there are all the possibilities of a huge conflict in that disposition. . . ."

German trade in all parts of the world had grown miraculously while English trade had developed at a rate which was normal enough, but which bore no comparison to the rapid rise of Teutonic commerce. In the forty years following the Franco-Prussian War, the trade of the new Empire increased 170 per cent., while the trade of Great Britain increased 130 per cent. Even during the first decade of the Twentieth Century, when the first outburst of German activity was over, the rate of increase continued to be in excess of that of her rival on the other side of the North Sea.

[1] *An Englishman Looks at the World,* pp. 36-37. This book, published only a few weeks before the outbreak of the war, contains some astonishingly shrewd forecasts of what has actually taken place.

The rate at which this went on is easily seen in the statistics for the years following the Franco-Prussian War: [1]

In millions of pounds sterling (20 marks, 1 pound):

	United Kingdom			*Germany*	
	Imports	*Re-exports*	*Exports*	*Imports*	*Exports*
1870	303	44	200	173	125
1880	411	63	223	142	145
1890	420	64	263	214	166
1900	523	63	291	302	239
1910	678	104	430	465	382

Even in the cotton trade Germany had overtaken and all but outstripped Great Britain, for while between 1885 and 1886 the British port of Liverpool had handled 2,558,798 bales and the correspondingly important German port of Bremen only 530,451, after the German progress began, in the single year 1911-1912, Liverpool handled only 3,690,800 bales as against Bremen's 2,792,000. The long-established British textile industry was being hard put to it by the new German factories; and supremacy in the iron industry had long since been wrested from the United Kingdom, the success of the competitors being made possible by the Lorraine iron fields and the invention of the Englishman, Thomas.

Finally, German progress came to touch British pride and pocket-book alike at their most sensitive spot. Directed by Albert Ballin and his co-workers, the German maritime fleet began to offer serious competition on the sea which Britons have for generations claimed to rule. It is only a generation since Germany bought her ships in England. She was now building her own vessels and carrying her own goods in them. The Hamburg-American and North German Lloyd became two of the largest shipping concerns in the world.

[1] B. E. Schmitt: *England and Germany*, p. 99. The German figures for 1870 are actually for 1872, the earliest available. The statistics immediately succeeding are from the same work.

Added to this was the poverty and misery of certain classes of society in the British Isles, part of which was due to the collapse of business enterprises owing to the superior efficiency of the competing Germans. The realization that twelve million people, according to the statement of a British publicist,[1] lived on the verge of hunger, increased the bitterness which the English felt. The seriousness of German rivalry was kept before their attention by the continued discussion of measures proposed to keep the Germans from securing the markets that were left to imperial Britain.

It is absurd, on the other hand, to regard the British Empire as completely outstripped in the economic contest and because of its hopelessness forced to resort to arms and appeal to the strength of its superior fleet in order to maintain its position in the economic world. The figures for export and import of the two countries in the years between 1899 and 1913 give the lie to this without need of further argument:[2]

In millions of pounds sterling:

	United Kingdom			*Germany*	
	Imports	*Re-exports*	*Exports*	*Imports*	*Exports*
1899	485	65	264	289	218
1900	524	63	291	302	239
1901	522	68	280	286	225
1902	528	65	283	290	241
1903	543	69	291	316	255
1904	551	70	301	343	265
1905	565	78	330	372	292
1906	607	85	376	422	324
1907	645	92	426	450	355
1908	593	80	377	404	324
1909	625	91	378	443	343
1910	678	104	430	465	382
1911	680	102	454	477	405
1912	745	112	487	550	454
1913	769	109	525	534	495

[1] Sir Hugh Campbell-Bannerman, in his speech at Perth, June 5, 1903.
[2] B. E. Schmitt: *England and Germany*, p. 102.

It is evident at a glance not only that Great Britain has been in the lead so far as volume of business is concerned but also that, except for the depression resulting from the Boer War, her rate of increase has not been very far behind that of her rival.

In 1914 Germany was having economic difficulties of her own. The period of expansion with which the year 1912 had opened was followed by disaster because of railway disorganization, and the financial difficulties resulting from the war in the Balkans. Shortage of capital, which had first made its appearance at the time of the Agadir crisis, was very noticeable in 1913, reaching such an extent that government bonds did not readily secure buyers. The value of the new industrial enterprises decreased from 134,000,000 pounds in 1911 and 146,000,000 pounds in 1912, to 87,000,000 in 1913. Westphalian manufacturers were compelled to reduce production; Bavarian industries were in difficulty; and the baskets, cane, furniture, granite, and paint which had been going to the British market were supplanted by British manufactures. The unemployment problem was beginning to show itself at the same time that the cost of living rose.

The existence of such a situation makes it evident that Great Britain could not possibly have been solely actuated in entering the war by mere trade jealousy. This fact is even more clearly shown by the opposition of more than half the British manufacturers to a protective tariff, which would have ended the difficulty with German "dumping" and would have lessened the severity of competition generally. There were the best of indications in 1914 that the worst danger from Germany to British commerce was over; and at all events the cost of the war was far greater than any economic loss could have been.

Yet no one can seriously deny that the commercial rivalry

had both directly and indirectly a very considerable influence in producing the war, even though in itself alone it might not have produced the four years of fighting. It fostered bitterness and ill-feeling between the two countries, and—a fact of especial importance—it was the primary cause of the naval rivalry which led to the fear of German invasion—a veritable nightmare among a certain class of Englishmen.[1]

The German navy was built as German commerce grew and German colonies and trade routes needed protection. It was a response to an economic need, but it was also a threat to the very existence of the island empire that can live only so long as its fleet controls the seas. It is not possible within the limits of this essay to trace the rise of Germany's fleet and the alarm which it occasioned in England. The important point for our purposes is that it was the inevitable outcome of the spread of German commerce over the globe, and that the naval rivalry which had so very much to do with causing the Great War is really only a slightly disguised kind of economic rivalry.

FRANCO-GERMAN TRADE RIVALRY

Prevalent ideas regarding the relations between France and Germany since the cession of Alsace and Lorraine in 1870 have been so colored by the "revanche" that it offers the most convenient starting point for a discussion of the points of economic friction between the two countries. The "revanche" has been popularly thought of as a matter of national sentiment, and the eyes of the world have been fixed oftener upon the wreaths before the statue of Strass-

[1] Richard Harding Davis's story of three college boys who don German uniforms, terrorize the United Kingdom, and cause a complete mobilization of the British army, is an exaggeration, to be sure, but not a distortion of the British state of mind.

burg among the cities of France, than upon the iron fields of Lorraine.

The French desire for the re-possession of Lorraine has been due to something besides the natural patriotic desire to see the lost provinces again under the tricolor, just as the desire of the Germans to retain it has been due to a perfectly practical and unsentimental appreciation of its value. From the mines of Lorraine came 21,000 of the 28,000 tons of iron ore that Germany was consuming annually. Besides the iron, there are coal deposits in these territories sufficient, when combined with the output of the Westphalian deposits, to provide the entire German Empire with all the fuel that is required by all its industries.

The Germans, notwithstanding, desired more than they already possessed of the French iron fields, for their geologists in 1871 had made the fatal blunder of supposing that all the iron ore on the Briey plateau was inside the boundary line fixed by the treaty. Subsequent discoveries showed that by far the richer deposits still remained in French hands.

Since 1900 the French iron fields at Briey have contributed heavily to the republic's production of ore. Since 1907 France has ceased to be an importer of iron and has begun exportation to Belgium, Holland, and Germany itself. The German business men, who sought both to check French expansion and to reap what advantage they could from the situation, had by 1910 acquired partial control over about one-fifth of the Briey mines.[1]

In 1910 Germany possessed 3,608,000 tons of ore remaining in the mines scattered in various parts of the Empire, as against 3,300,000 tons of French ore in mines temptingly

[1] Krecke: "Eisenerz und Kohle in Französisch-Lothringen," Stahl und Eisen, 1910, p. 8. Quoted by E. F. Gay: "French Iron and the War," *Military Historian and Economist:* i:308: Jy., '16.

close to the German frontier.[1] It was these mines that during the recent war determined the German strategists to win Nancy and to hold the Briey and Longwy basins at all costs.

One circumstance alone hindered the French: their dependence for coal upon the deposits of Westphalia. In this respect their iron industry remained subject to a degree of German control, a situation which it was in their power to remedy by purchases in the English market and by further development of their own resources.

The immense development of the German iron industry is due to the discovery of the English metallurgist, Sidney Gilchrist Thomas. The Lorraine ores contain a great deal of phosphorus, which unless removed from the steel in the process of converting, renders it too brittle to be of use. The Bessemer process, based on experiments with the English ores, which are free from phosphorus, could not effect this removal, and consequently the value to the German Empire of the recently-seized Lorraine iron fields was impaired. The necessity for importing either the purer grades of ores from Spain and Sweden, or else Bessemer steel already converted from England, had hindered German industry.

Thomas, who had studied the problem of the elimination of phosphorus since 1870, reached a practical solution in 1875. He secured the co-operation of his cousin, Percy Gilchrist, and in 1877 took out his first patent, making formal announcement of his new method in 1878. His invention, which employed a lining of magnesia or magnesia limestone in the converter, attracted little attention in England; but it was regarded as of so much importance among Continental iron-masters, to whom the phosphorus

[1] "Iron Ore Resources of the World," Stockholm, 1910: i:xxv. Also quoted by Gay, loc. cit.

problem was of dire importance, that a single steamer is said to have brought two applicants for his patent rights.

The tremendous impetus which gave Germany world supremacy in the iron industry within a comparatively short period, dates from this year. The Bessemer process had been practically valueless to the Germans. Once the new method was adopted, the Lorraine fields, where iron and coal lay near together, were almost ideal for iron production.

The iron and coal which were making the wealth of Germany prior to the beginning of the war in 1914, and which she guarded so carefully that she retained the use of them during most of the period of hostilities, were in the very territory which had been wrung from France. From lack of the minerals that were being mined in territories that they regarded as being rightfully their own, the French until 1907 found their industries gravely hampered. Even the enormous development of the iron fields in the Meurthe-et-Moselle district, which the Germans failed to take in 1870, did not reconcile them to the loss of the Lorraine fields.

This is one of the reasons why the policy of "revanche" did not die out. In the minds of the people "revanche" meant a patriot's desire to see the hereditary foe humbled and the lost provinces again restored to France. But in the minds of the masters of French industry and the journalists who formed the popular mind, "revanche"—whatever else it may have meant—implied the restoration within French boundaries of the deposits of coal and iron which industrial growth demanded, and the protection of the fields which were already theirs.

The situation of the British steel manufacturers was equally precarious, although few of them realized it until long after the Thomas process had been adopted abroad. At first confident that the United Kingdom's leadership in

the production of steel by the Bessemer process would never be menaced, they presently found their rivals across the North Sea developing the business at a rate far exceeding their own. Between 1890 and 1910 the German steel business grew approximately seven times as rapidly as the British in actual production.[1] The German iron-masters equalled the British in 1893, and at the outbreak of the war were producing about three times as much as their quondam superiors. Even in the production of pig iron, where the Thomas process gave no advantage, the production equalled the British in 1903, and was double its volume in 1912. The Germans had regained the supremacy in iron which they had enjoyed before the Thirty Years' War. The situation was almost as galling to the British manufacturers as it was to the French.

The Morocco question, which repeatedly led Europe to the verge of war, was partly a result of the Franco-German conflict over iron. Moroccan exports are mainly agricultural; but the German iron-masters, facing a probable shortage of ore in the very near future and casting about the world for deposits from which to make up their lack, coveted the mines, as yet unworked, known to exist in that country. Besides the iron, there were copper, lead, antimony, silver, gold, and sulphur deposits available for the Power that could secure to itself the mastery there.

Dominance in Morocco, situated conveniently on the opposite littoral of the Mediterranean, meant to France an opportunity for building up her colonial trade still further; and—in view of her almost stationary population—the prospect of obtaining from the warlike tribesmen of the country, native troops with which to meet the German

[1] These and the following figures are taken from an article by Professor Hermann Schumacher of the University of Bonn, "Germany's International Economic Position," in *Modern Germany,* p. 105.

attack which sooner or later had to come. The deposits of iron and the possibility of agricultural development were as attractive to the French as to the Germans. Morocco was, moreover, the outlet for the commerce of Northern Africa and the Sahara.

Because its frontiers marched with those of the other French African possessions, and because of the ready access by sea from France, it was the next logical step in the colonial policy of France. Great Britain, enjoying the second largest share in the country's trade, had given up her claim, and had in the agreement of 1904 tacitly admitted the prospect of the entrance of the French. A similar agreement with Spain recognized the prior rights of France.

The German share of Moroccan commerce averaged only about nine per cent of the yearly total. The future prospects of the iron trade, to which strategic and political considerations were added, were the mainsprings of the Empire's policy. Morocco was peculiarly desirable to an overpopulated country because it was one of the few portions of the earth's surface suited to habitation by white men, and as yet unoccupied. Strategically, the establishment of a German protectorate would have been dangerous to the French possessions in Algiers and to the sea routes to France. Politically, it was felt that the security of the German Empire required a constant reminder to the rest of Europe of the fact of Teutonic hegemony. Practically, these considerations took the form of constant thwarting of French economic aspirations in Morocco.

Although the iron rivalry and the friction in Morocco were the chief reasons for the ill-feeling that ended at last in war, commercial relations on the Continent itself did not tend to lessen the tension in the relations of the two states. England, Belgium, and Germany, by the logic of geography, are the principal customers of France. Even when the

French dependence on the Westphalian coal deposits is set aside, the commercial relations existing between the two chief political rivals of Europe were necessarily close.

It was not a comfortable situation. There were large numbers of the smaller French manufacturers whose sales did not extend beyond the limits of the republic; and these men, knowing that their own trade could not be injured, and finding themselves hampered by the German importation, were ever ready to encourage agitation against the purchase of German goods. In many sections of the press and in certain governmental circles, they found ready encouragement.

In France as in England, as the growth of German industry continued, Germany's capacity for turning out articles which were serviceable, if not perfectly made, and for selling them at low price, gravely affected domestic merchants. The same device to counteract this was adopted as in England. Imported goods were stamped with the name of the country of their origin, a measure which did not in the least serve to restrict the spread of the German goods, and may even have been useful as an advertisement. When the French sought to boycott German products, they found the same device being employed against themselves across the Rhine.

After the Agadir crisis there was another effort in France to check the progress of German economic infiltration. As a result, French sales in Germany remained almost stationary, while German sales in France climbed steadily. The failure of this attempt is evident in the statistics which show Germany and France nearly even in their mutual exports and imports in the year before the crisis, and Germany climbing rapidly ahead in the years afterward. The French had barely abandoned their futile policy of commer-

cial hostility when the World War burst upon them. Reduced to tabular form, the sales of the two countries for the years 1910, 1911, and 1912 stand as follows: [1]

	France to Germany	*Germany to France*
1910	804,000,000 francs	860,000,000 francs
1911	819,000,000	965,000,000
1912	814,000,000	981,000,000

German tariffs were cleverly devised to close the frontier against the importation of many articles. By analyses of wines, demanded under conditions which, by indirect means, made importation to Germany difficult, and by similar devices of the same sort, the Germans contrived to throw a network of hindrances around French business, while at the same time finding it possible to keep their own goods flowing into France. Efforts by the French to retaliate in kind were not successful; and in most cases the conflict hurt their commerce rather than that of the Germans'. Part of the French difficulty was undoubtedly due to the poor organization of their commercial service in foreign countries. In Germany this was organized in a single bureau in the Foreign Office, while in France it was parcelled out among the Ministries of Finance, Commerce, and Foreign Affairs.

Such was the motivation of the series of crises which led nearer and nearer to war at Tangier in 1905, after the Algeciras Conference in 1906, at Casablanca in 1908, and at Agadir in 1911. In each case the fundamental issues were economic, in each case only a spark was needed to create a world war, yet not until 1914 did the final impetus come, though all had been prepared by many years of economic hostility.

[1] These figures are adapted from M. Ajam's book, *Le Problème Économique Franco-Allemand*, p. 11.

THE "DRANG NACH OSTEN"

One of the most evident phenomena attending the German economic expansion was the *Drang nach Osten,* or trend toward the East, which had come about from natural economic causes and had finally been incorporated into the conscious policy of the Empire. It might properly be used to include the economic penetration of Russia which had been going on for many years when the Great War broke out in 1914; for without political action of any sort, but by a mere process of infiltration, the Germans had come to control a large part of Russian industry and commerce.

More generally, however, the phrase is used to indicate the German effort gradually to build up at least an economic *bloc,* and if possible to exercise political power at the same time, in the more or less defined territory known as Mittel-Europa. With Germany, and more particularly Prussia, as a nucleus, it was proposed to build up an Empire which should extend from the Baltic to the Persian Gulf. The Teutonic blood of Austria was to be included, economic and political relations with the Balkan states were to be so manipulated as to bring them under Teuton dominance; the Turkish Empire was to receive the same treatment; and through the agency of the Bagdad Railway, all of Asia Minor and the Tigris-Euphrates valley were to become the domain of German trade.

The extremists believed that this new and compact state should include among its northern ports, Amsterdam, Rotterdam, and Antwerp,—geographical and economic parts of the German Empire, whose political separation was an accident against which Germany became increasingly restive as her commerce grew. Salonika and Trieste were looked upon as potential German ports to the south.

With a population of more than 80,000,000 and with im-

mensely strengthened frontiers, with an internal market nearly as large as that of the United States, and with an impetus to industry which would result from the immense enlargement of the *Zollverein,* the German Empire would be strengthened to such a point that she could defy the whole world, whether in armed or economic warfare.

The importance attached to the Tigris-Euphrates valley was agricultural. Here was the home of the earliest civilizations known to man. This area had at one time supported a large population, and preliminary agricultural survey seemed to indicate that only proper scientific administration would be required to make it do so again. German efficiency was to be used in the building up of an irrigation system which would literally make the desert blossom like the rose.

In Mittel-Europa's new territories were to be produced the supplies which would solve the food problem and the raw materials problem of Germany. Here her settlers would find the outlet denied them in the unhealthy German colonies, unsuited to white settlers; and here also there would open new markets for German industry.

Mittel-Europa was to become an economically self-sufficing unit. In its southern and eastern extremities it would have its new and undeveloped lands—new lands because they were so very old that the traces of their former development had all but disappeared. At the northern end would be the centre of governmental control and administration, the industries which the raw materials from the east and south would feed, and for which they would afford markets; and here also would be the denser industrial centres of population in the hoped-for state.

In the Ukraine the new state would find additional iron ore, wheat, hemp, and the raw materials for textiles. Of immense importance were the large deposits of manganese,

a rare metal almost wholly lacking in Germany, necessary to the development of an independent steel industry, of which the Empire had been importing 500,000 tons a year before the war. From the Caucasus, which was to be joined to Turkey, would come more manganese and copper, and from its famous wells the oil that is all-important to modern industry and to modern navies. Raw cotton also was to be had here, and the territory offered an opportunity for economic penetration of Central Asia.

The possession of the Baltic provinces and of Poland would add political domination to economic penetration already effected, and would also assure the supply of flax, a textile utilized by the Germans to supply the wool and cotton which they lack. At least a measure of economic control over the Rumanian grain and oil fields was also contemplated.

Since even this would have left the new Teutonic Empire at a loss for such products as rubber and vegetable fats, a measure of tropical expansion—possible in the modern world only at the expense of other colonizing nations —must have been contemplated.

The development and extension of the Bagdad Railway would link Berlin, Byzantium (Constantinople called by its old name for the sake of the alliteration) and Bagdad, so that the whole new Empire would be closely bound together by rapid transport. Outlets to the sea would not be lacking, in the Baltic and the North Sea, in the Mediterranean, and far to the south in the Persian Gulf. Commerce with the north, east, south, west, to all the ends of the earth, would be open.

Intimately linked with this whole scheme, and so essential to it that one cannot be discussed without the other, was the Bagdad Railway, or the "BBB" as it came to be called from the three cities which it was to link.

THE BAGDAD RAILWAY

The history of the Bagdad Railway may be dated from the year 1888, when a concession was granted by the Sultan's government to the Société du Chemin de Fer Ottoman d'Anatolie, a syndicate of Germans, for the construction of a railway line from Haidar Pasha to Angora, a total distance of 576 kilometres (about 360 miles). At the same time a short railway line which had been built a few years before to give the Sultan readier access to his shooting box, was taken over by the company and made a part of the new line, which was under construction between 1889 and 1893, when it was finally completed. No sooner had this been accomplished than a further concession was made, permitting the extension of the line as far south as Konia. Work on this section was completed in 1896.

By this time the internationally important possibilities of the new line (which appears in the beginning to have been a mere commercial venture without international significance) were beginning to be apparent in Europe. In 1898 the Kaiser paid a visit to the Sultan, which bore fruit in the following year when announcement was made of a concession for the extension of the new railway clear across Asia Minor with a terminus at the head of the Persian Gulf. In the same year Great Britain quietly established a protectorate over Koweit, a tiny principality under the partial suzerainty of the Sultan, which offered the most logical terminus for the railway. In 1902, three years after the railway scheme had been officially announced by the German company, the Sultan gave his final approval. In the following year, German tentative offers were made to the French and the English for their participation in the construction of the railway, the offer being intended to

show that the building of the road had no sinister economic significance. Although both the English and the French Governments had at one time or another taken a friendly attitude toward the project and had been on the point of entering into it, the popular protests or those of financiers who perceived the danger to India and the colonial possessions menaced by the railroad, had in every case been too strong. So bitter, indeed, was the feeling in France that the stock of the corporation was not admitted to sale in the Paris Bourse, although very considerable French investments in the company were made some years later.

Their offers having been refused, the German company began the construction of the new line alone, and in 1904 track was laid to Burgulu in the Taurus Mountains and the task of tunnelling through them was begun. Having gone thus far, the Germans suspended work for a period of five years, resuming their construction in 1909. Two years later, the British, regretting their precipitancy in neglecting the German offer of participation in the building of the road, made a settlement whereby they were to construct the connecting line from Bassorah to the Persian Gulf. As the result of a visit of the Tsar to Potsdam in December, 1910, Russia in the following summer withdrew her opposition to the railway, indicated her willingness to build connecting lines in Persia, and later turned over her reservations for construction in northern Asia Minor to a group of French financiers. In 1912 German lines were laid eastward from Aleppo and reached as far as the Euphrates valley, and in 1914 a line was laid eastward from Bagdad.

The railway had gradually become a part of the German *Drang nach Osten,* although it is almost certain that when originally begun it was what it professed to be, a

commercial scheme, pure and simple.[1] It is evident, however, that the possible economic and political importance of this line had come to be realized by the Foreign Office at Berlin, and that the government stepped in behind the financiers. In no other way can the part which the Kaiser played in 1898 be interpreted.

The completion of the railroad as proposed would be of the very greatest importance to Germany. Financed by German business men and built by German engineers, it would mean extremely large orders for supplies, placed with German firms, and a correspondingly large boom in German industry. The proposed line was to be something over 1,700 miles long, and was to throw out important branch lines to Smyrna, Alexandretta, Aleppo, Damascus, and Mecca, thus binding Asia Minor solidly into one, and doing the binding with German bonds. Although no formal sphere of German influence had been set up, it was evident that the completion of the road could not fail to have this effect.

The German business men who were building the line were protected against loss by an agreement with the Turkish Government, which guaranteed 4,500 francs per kilometre for the construction of the line, an arrangement under which they profited handsomely, selling their privileges to a subsidiary company for 3,200 francs and retaining the difference. It was realized from the very beginning (in England with much disquietude) that the coun-

[1] Baron von Hertling even declared that the main motive of the Germans was interest in archeology! On April 30, 1907, he said: "It is true that a German corporation obtained the concession for this railway from the Ottoman Government in 1904, and we have every inducement to use German capital in opening up that old centre of civilization for the purposes of science and exploration, but that political considerations are involved would never occur to me." W. H. Dawson, *Evolution of Modern Germany*, p. 346.

try could not afford a traffic heavy enough in the beginning to pay the cost of the management nor the very considerable guarantees of operating expenses which the Turks had made; but it was certain to stimulate trade and to facilitate the movement of the population to the interior of Asia Minor.

To Germany it meant a solid steel band of German influence from Constantinople to Bagdad, and eventually, from Berlin to Bagdad. If the scheme of Mittel-Europa became a reality, the "BBB" of which the Germans talked so boastfully in the cafés would be realized. Germany was to be dominant economically and politically in an enormously rich region which was in the end to solve many of the pressing problems at home with one stroke. Overpopulation, the need for markets, food, and raw materials, —they would all be taken care of. The carrying trade of the road might well include, also, a portion of the trade to India, which might be diverted from the slower water route through the Suez Canal to the fast overland railway service.

The Bagdad Railway, which has been called the most important single cause of the Great War, is the creation of geography. From Haidar-Pasha on the coast of Asia Minor opposite Constantinople, south through the Taurus Mountains, east to Moussoul, and thence south down the Tigris to Bagdad, it follows a route that gives the power that holds it the possession of all Asia Minor. To hold this small western extremity of Asia has always been of the highest strategic importance, since from it attack can be launched speedily and successfully at any time, either to eastward or to westward. To control Asia Minor is to command Egypt, Syria, and Palestine on one side, and all of the potentially fertile Tigris-Euphrates valley and the open sea route to India on the other.

The earliest records of the race show Asia Minor play-

ing this rôle of the decisive *Hinterland,* the actual key to the more fertile and important lands that border it on either side. As early as 1900 B. C., Hittite warriors from the rugged lands of Asia Minor were menacing Assyria, Babylonia, and Egypt. The conquerors of the ancient world, marching to their victories, passed by the route which centuries later modern engineers were to lay out for the Bagdad Railway. To Alexander the Great this route opened the way for the conquest of India. The first battles of the Crusaders were fought in the heart of Asia Minor—Nicea, Antioch, and only after that Jerusalem. Then as now, the all-important *Hinterland* dominated completely the regions lying along its borders.

It was because of this domination that Great Britain objected to the building of the proposed road, one terminus of which would be within twelve hours of Egypt and the other only four days' voyage from Bombay. The building of the railway would yield German industry profit from the supply of material; and the gradual opening up of the country to the commerce of the Empire would keep the German power perpetually at the doors of the two most important British dependencies. The safeguarding of the route to India—a consideration of the highest economic importance, largely dominant in the foreign policy of Great Britain for a full century—was again uppermost.

The adroitness with which the British had secured a protectorate over Koweit, with deep harbors and excellent docking facilities, the most available of the two possible termini for the road at the head of the Persian Gulf, had in some measure offset this danger. The Germans would now be forced to establish themselves at Fao, the one remaining town, if they were to reach the Gulf at all, and the new British protectorate would serve admirably at any time as the basis for naval action against them.

The Germans never reached the Persian Gulf. Immediately before the outbreak of the World War, an agreement was made whereby Germany was to have economic and financial control of the railroad only as far south as Bagdad; the line south to Bassona was to be international; and Great Britain was to control the road thence to the Persian Gulf. With the outbreak of the war, all the years of effort came to nothing.

These semi-political and semi-economic causes for the British objections to the building of the railroad do not exhaust the purely economic objections which existed quite apart from the tacit threats to Egypt, the Suez Canal, and India. In several directions the completion of the road would be a blow at British business interests which the British Government was resolved to prevent if possible.

The guarantees which the Turkish Government had made to the *entrepreneurs* of the new railroad were obviously too liberal, in view of its probable earning capacity for years to come. It was clear that the finances of the Turkish Government would be subjected to a severe strain to meet the kilometric guarantee, and that in order to do this the taxation would have to be increased. A part of the burden was certain to fall upon British commerce, which was very extensive in Turkey, and which, being—as the British alleged—better made and certainly more expensive than the competing German commodities, would be less capable of maintaining the foothold already won. The trade mark "Made in Germany" was already pushing the British products hard enough in other parts of the world. If the Bagdad Railway was to increase the severity of German competition, the British public would have none of it.

If, too, the kilometric guarantee were to increase further the difficulties and confusion of Turkish finance, British investors, who held considerable interests in these re-

gions, had reason enough to desire to see the building of the road checked.

There was still another reason for the British objections to the completion of the line. Britain, as a maritime power, had for years held the monopoly of the carrying and passenger trade of the world afloat. In late years the development of the German maritime power had threatened this. Now the prospect of a partial diversion of travel from the British merchant fleet plying through the Suez Canal to India and the East was a further blow, alike intolerable to the pride and the pocket-book of the British.

Economic considerations were equally powerful in prejudicing the French against the railway, even though the company had in 1902 offered to assign to French capitalists 40 per cent. of stock, the same amount that had been reserved for the Germans. The Bagdad Railway was a German undertaking and the power for its management was certain to be retained in German hands. It would inevitably end in the establishment of German economic domination in the region which it traversed. The French had an economic domination of their own along the Mediterranean coast of Asia Minor from Smyrna to Beirut. For a time they might be able to hold their own, because of their direct access by waterways to this district, but in the end it was realized that the German control of the all-important territory covered by the railway, would seriously threaten this influence if it did not annihilate it entirely.

The equable partition between Germany and France of the trade of Turkey was a hopelessly Utopian proposal, for there was no doubt as to the increasing importance of Germany, not only in Constantinople but throughout Asia Minor. The importance of maintaining French prestige in the Orient was itself a commercial necessity, for out of it an increase of commerce was to grow.

For centuries the French had held their own in this region, and had even built railways from the coast for short distances into the interior, notably the Smyrna-Kassaba line, which came under French influence in 1893, the Mersina-Adana line, in which there were large French holdings, the line from Jaffa to Jerusalem, which was exclusively French and was built in 1892, the Beirut-Damascus line (later extended north and south until it totalled 361 miles) completed in 1910.

Railways projected by the French would have built up a complete system touching the holy cities and reaching the profitable passenger traffic of pious Moslems who are quick at catching at western means of shortening the pilgrimage to Mecca, which every good Mohammedan makes at least once in his life. The French roads would have included 1,000 miles of rail, and would have been almost as ambitious as the German project. They had been designed to spread French economic influence and to promote the fortunes of French commercial houses; but the completion of the Bagdad road would necessarily lead to their absorption and Germanization.

In ways even more direct, French prosperity would be affected. A great deal of the English travel to India went by way of Marseilles instead of taking ship at Liverpool. This meant that the travelers passed through most of France on their way and this constant stream enriched the French railways, hotels, and merchants by sums which were, taken in aggregate, very considerable. But if the Bagdad Railway became a reality and evolved into the proposed Berlin-to-Bagdad route, a large part of this travel would be lost to France, for the tourists would then take the more direct route by way of Ostend, Cologne, Munich, and Vienna. The profits which the thrifty French were accumulating would go to the hated Germans.

In Russia there were the gravest possible military reasons why the Bagdad Railway should not be built. As matters stood, Russia was in control of the theatre of a possible war against the Turks. War vessels of the Black Sea fleet could leave either Sebastopol or Odessa as a base, and could appear before the defenses of Constantinople within thirty or forty hours' hard steaming. In the event of war, Russian attack by land could be directed against Erzerum, Sivas, and Angora, and although this would involve fairly long marches, the difficulties of transport in the way of Turkish mobilization were such that the Slavic armies could reach these strategic points in force before the Turks could concentrate. The Bagdad Railway, especially if run via the northern route at first proposed and then abandoned by reason of Russian protests, would change all this and would make it possible for Turkish forces to be concentrated with much more rapidity than before. The value of Asia Minor as a reservoir of military strength for the Sultan had hitherto been impaired because of the difficulties involved in transport. In the Russo-Turkish War in 1877 the Turkish 6th Army Corps reached the line only after two months of forced marches, with great loss of effectives, and too late to be of use. Had the Bagdad road been in existence at that time, Russia might have lost the war.

The new road struck also at Russian economic interests, especially in view of the project for the construction of a branch of the great Trans-Siberian Railway into the Caucasus. Great quantities of traffic would certainly be diverted from the proposed Russian railroad. As in the case of all the other Powers, the increased German dominance certain to result from the economic penetration of Turkey and Asia Minor would serve to check what progress Russia had already made and to forbid all hopes for the future.

Even the allies of Germany were fearful of the Bagdad scheme, which meant in the end German predominance throughout the Balkans. Since the trend of Austrian economic development was southward, the government looked without favor on undue extension of German economic influence through the very lands where its own ambitions lay. Italy, likewise, though not directly affected, had had enough experience with the Salonika-Monastir line, German-controlled throughout, and with German methods of economic penetration as demonstrated in the Banca Nazionale, which though Italian-owned was German-controlled, to be fearful both of too great German preponderance and of interference with Italian ambitions in Albania and especially as regarded Salonika.

In this way it came about, through the mutual economic rivalry, greed, and distrust of the Great Powers and of the merchants who are their citizens, that the Bagdad Railway, in itself a great commercial enterprise with tremendous capacities for usefulness, was the bane of Europe for nearly twenty years. It is another illustration of the working of economic pressure in international relations and the importance of economic highways. The route which the railway followed was the key to the East which all the Powers coveted.

AUSTRIAN AND ITALIAN ECONOMIC AMBITIONS

The economic relations of Austria before the World War were closest with Hungary, her partner state in the Dual Monarchy, and with her ally, the German Empire. Although points of conflict between the German and Austrian economic policies existed, economic partnership had in the main been added to political alliance,—an arrange-

ment without which the *Mittel-Europa* scheme would have been impossible.

Austria and Hungary, the two members of the Dual Monarchy, are mutually complementary economic units, Hungary being chiefly an agricultural and Austria chiefly an industrial state. Between 1884 and 1891, nearly 84 per cent. of Hungarian imports came from Austria, whilst 71 per cent. to 75 per cent. of Hungarian exports went to Austria. In later years even this slight disproportion vanished, so that the statement could be made in November, 1906, that Hungary exported nearly 40,000,000 pounds sterling of agricultural produce yearly to Austria, and received in return almost the same amount of manufactured products.[1]

The disruption of the Dual Monarchy would be nothing short of a catastrophe for Hungary, which is hampered in her outlook to the sea and surrounded by other agricultural states, which have no need for her cereals, cattle, and other raw products. To a less extent, through the loss of markets and the increase in the price of agricultural products, Austria is equally bound to Hungary by economic forces. Each is necessary to the other, and each suffers the same difficulty in gaining access to the sea.

No more striking example than this could be found of the importance of economics in promoting either peaceful or hostile relations between states. In spite of their racial differences and the very serious disagreements that at times have arisen, these two dissimilar states are held together by their very dissimilarity, the perfection with which each is the economic complement of the other. The strength of the economic bond in such a case serves only to emphasize the power of economic rivalry, when it exists, in causing and embittering the hostilities of nations.

[1] Geoffrey Drage: *Austria-Hungary*, p. 202.

Like Germany, Austria looked southward for the future development of her markets. An industrial state, she found in the backward states of the Balkans lying at her doors, the agricultural, non-industrial peoples whose products were of use to her and who could buy her own surplus. To this end was directed the Austrian policy of continuous meddling in the Balkans, for the continuance of supremacy there was all-important to her industries.

Cut off as Austria was from access to the sea, with only a few ports on the Adriatic, the Balkans offered the most accessible territory for economic penetration. The great highway of the Danube led to the heart of their most fertile regions. In the very nature of things, Austria could not look for a world-wide commerce such as that of the more fortunate states with more complete approach to the great highways of the world. Even her efforts to secure additional ports on the Dalmatian coast (although they might, had they been successful, have lessened the friction rising from her interference in the Balkans) brought her inevitably into conflict with Serbia, equally desirous of outlet in the same territories, and with Italy, seeking them as a base for entrance into Balkan markets.

In Serbian trade the Austrians had won almost complete supremacy during the last years of the Nineteenth and the first years of the Twentieth Century. So complete was the dependence of the Serbs upon their northern neighbor that they bought from her almost everything from scientific instruments to packing cases. Only in their purchases of war *matériel,* to the disgust of the iron-masters of Skoda, did they persist in turning to France.

It was the completeness of their economic mastery over their smaller neighbor that made it desirable in Austrian eyes that the Serbians should remain cut off from the sea. Quite aside from the fact that they themselves coveted the

same seacoast for which the Serbians hoped, was the important consideration that the granting of a port to Serbia would mean the necessity of sharing profits of Serbian trade with the merchants of other nations, who would then be able to come in by sea. This trade monopoly was the mainspring of Austrian policy towards Serbia, though it was complicated by the fear of irredentism among the Slavic subjects of the Empire. It explains the interference after the Bulgarian victory at Slivnitsa in 1885, the constant balking of Serbian struggles to reach the sea, and the evident desire to absorb the whole territory of the little state if opportunity offered.

In 1905 the monopolists went a step too far. At that time Austria-Hungary was receiving 90 per cent. of the Serbian exports, mainly agricultural products, cattle, and pigs. Incensed at the negotiation of a commercial treaty with Bulgaria by which tariff duties between the two states were to be abolished, as well as by the continued Serbian orders from the French arsenal at Creusot, the Austrian Government refused to renew the commercial treaty which was the foundation of Serbian foreign trade. The frontier remained closed for more than two years. Serbian ruin, of which the more powerful northern neighbor was confident, was averted by the combined efforts of the Serbian Ministry of Commerce, the Skuptshina (Parliament), and the whole people. New outlets were found by way of the Danube and the Turkish railway to Salonika. A single French business man guaranteed the purchase of 150,000 pigs a year.[1] France, Italy, Belgium, Germany, and Egypt began to replace the Austrian market. This was the be-

[1] Yves Guyot: *Causes and Consequences of the War,* p. 19. There is a further discussion of this incident by the same author, "La Question d'Orient et les Conflits Économiques," *Journal des Économistes,* xxxvi: 178-198, N. '12.

ginning of Serbian economic independence, but it was only a beginning; and it added to the Austrian determination to restore the old dependence.

Commercial success in the other Balkan states, though not approaching the domination which obtained in Serbia, had been very great. Although in Bulgaria the seacoast made it possible for British commerce to dispute the field, the Bulgarians bought from Austria their iron, bags, jewelry, crockery, and similar goods, as well as agricultural machinery and war *matériel*, both important articles of trade in the Balkans. Rumania bought machinery and textiles, paying for them with the proceeds of her Austrian sales of such agricultural products as corn and butter. The Montenegrin trade alone failed to reach large proportions, principally because the country was too small to make trade profitable.

Important though their own commerce was, the Balkans were equally important as the overland route to Asia Minor. Austrian policy was directed to keeping the little Sanjak of Novi-Bazar in Turkish hands in order that the "BBB," running all the way through friendly territory, might open the way to increasing trade. The subsequent Serbian seizure of this little strip of land made a future war for its recovery almost certain. Austrian exports to Turkey and the Near East consisted of manufactured goods, textiles, glassware, ready-made clothes, fezzes, sugar, woollens, and petroleum; and the imports in return were principally tobacco, opium, skins, and maize. The progress of both Austrian and Hungarian products was so rapid that in the last years before the Balkan Wars their sugar began to supplant that from Russia, and the jute trade, which had formerly been controlled by Scotch and Indian merchants, was also falling into their hands. The sales of Hungarian petroleum rivalled those of the Russian wells. Thus Aus-

trian policy in the Balkans clashed with that of Russia, and Great Britain, although the political motives of the Slavic Power were of more importance than the economic.

With Italy, the partner of Austria and Germany in the Triple Alliance, the clash of interests was more evidently economic. The developing Italian industries looked across the narrow Adriatic to the Balkans for a part of their markets. It was as a base for economic penetration of the agricultural lands lying to the east that Italy desired to possess the Dalmatian coast, not merely as a site for naval bases, which would give supremacy in the Adriatic. Indeed, even the desire to make this sea an Italian lake was as much economic as strategic in its origin, for such a consummation would have crippled Austrian trade in the Balkans and the Near East, whilst giving a proportionate advantage to Italian trade. Once Italy's power was established along this important strip of territory, railways running into the heart of the Balkans would soon be carrying the surplus products of her industry.

It was for similar reasons that Italy desired Trieste and as much of Küstenland as she could obtain. Possession of this port would put the Italians in a position to dictate the terms of their rival's exports in time of peace, and to cut them off entirely in time of war. Possession of either Dalmatia or Trieste would go far toward securing commercial supremacy. Possession of both by either Power would put the other at its mercy. Desire for national union urged the Italians on to Trieste. In both Dalmatia and Trieste the strategic considerations were of the highest importance; but it was economic motives that were paramount.

What has been true of the lesser wars of the Nineteenth and Twentieth Centuries may be seen to be true also of this latest and greatest of wars. It was rooted in economic causes. The political rivalries, the naval rivalries, the

colonial rivalries are only the expression of the underlying economic struggle.

Through the whole web and woof of the diplomacy which leads up to the final war, we have the thread of economic conflict. Economic questions were perpetually under discussion in the diplomatic interchanges of the years before the war; and even when the stakes at issue seem entirely political or military, they can usually be seen to have an economic origin. The statesman who seeks to extend the boundaries of a colony to include some especially valuable territory, the soldier who demands a strategic position to defend that colony, or the sailor who asks for a naval base, —all are seeking, consciously or unconsciously, the same thing: relief from economic pressure by further expansion.

CHAPTER V

THE PREVENTION OF WAR BY INTERNATIONAL FINANCE

Four things make modern warfare possible: man-power, armaments, food, and finance. It is obvious that without men, arms, and food, no wars could ever have been waged; and it is equally evident that these three essentials can be secured only by the state that can raise the necessary money. For soldiers, even though they be conscripts, must be paid; and the food that they eat and the weapons that they use, must be bought. In earlier days, because of the relatively small forces in the field and their relatively unpretentious equipment, the cost of arms was less and the financial problem correspondingly simple; but the enormous cost of war on the vast modern scale makes finance of supreme importance. Without money and credit, no state can go to war today. So much, at least, is clear.

The relation of finance to war has never been completely understood, and the views upon the question prevailing today are, in their extreme forms, widely contradictory. Mr. Norman Angell would have us believe that sound business sense, on a profit-and-loss basis, requires the abolition of war. Extremists on the other side defend the thesis that the malevolent power of greedy bankers, who see in war a chance for gain, stands behind the diplomats in every outbreak of hostilities. Writers of this school aver that international finance has become so powerful that statesmen are helpless to enter upon a war in the face of opposition from the financiers; whereas another group, without denying either the power of international financiers or the

degree of dependence of one state upon another prevailing in the field of international finance, assert that financiers and statesmen together may drift helplessly into a war which none of them desire, but which they are powerless to avoid.

In spite of the contradictory character of these views, it is easy to see that international finance, by virtue merely of the enormous complexity of its inter-relations, is of necessity a stabilizing influence in the relations between states; and that in general its influence—which upon occasion is tremendous—is likely to be used for the preservation of peace, because of the chaos to which war on the modern scale necessarily reduces the whole intricate system.

The extent to which the general staff of a modern army considers the money market may be seen in the elaborate planning which has been given to the financial support of the army prior to most of the modern wars of history. Probably the best known example is the German reserve of gold which was for years hoarded in the Julius Tower at Spandau, and which is believed to have been greatly increased in the years preceding the outbreak of the war in 1914. This immense gold reserve, which amounted to 6,000,000 pounds, mostly from the French indemnity after the War of 1870, remained at Spandau until 1913, when it was transferred to the Reichsbank at Berlin, and deposited there together with 12,000,000 pounds in gold and silver, to be kept apart from the commercial reserves of the bank and used only in time of war.

It is certain that the German General Staff had given a great deal of thought and study to the financial aspects of the Great War. War costs, war loans, and war expenses had been carefully taken into consideration, as well as the probable effect of a declaration of war upon the money

market, at the same time that the problems usually considered more strictly military were being worked out.

This is by far the most elaborate example of financial preparation for war, but there are numerous others, as well as examples of the disastrous results of failure to provide financially, in time of peace, for possible wars.

Members of Lord Elgin's Commission on the South African War expressed the opinion that if the War Office had had at its disposal the sum of 10,000,000 pounds a few months before the outbreak of hostilities, to be spent with the consent of the Cabinet as the only necessary sanction (thus avoiding the publicity attendant upon Parliamentary action) the preparations that could then have been made would have cut down the cost of the war by 100,000,000 pounds, and might have prevented hostilities entirely. As is well known, the declaration of war, when it did come, found the British hopelessly unprepared in South Africa and with a miserably inadequate force ready to take the field.

The painstaking quality of the long preparation of the Japanese for their war upon Russia in 1904-1905, was shown in nothing more characteristically than in the thought and foresight that they expended in their financial plans for the struggle. The war between Russia and Japan was determined by economic and financial considerations at every step. It is well known that in spite of her military and naval successes Japan must have succumbed to Russia in the end for lack of funds, had not the disorganized condition of the larger state forced her to sue for peace while the troops of the Mikado were still victorious. Largely because the Russian treasury was still unexhausted, whereas the Japanese knew their own financial shortage, and because the English bankers gave signs of being unwilling to make further loans, the victor's plan of making the enemy pay by indemnity for the cost of his defeat had to be aban-

doned. For financial reasons, Japan did not wish to continue the struggle.

Long before the negotiations with Russia which preceded hostilities had reached a critical stage, the Japanese Department of Finance had elaborated its program. At the commencement of the war the Bank of Tokio held a total of 11,696,000 pounds, as compared with 105,000,000 pounds held by the Bank of Russia and the Imperial Treasury combined. Although the cost of the war to the Japanese was 200,000,000 pounds, the Bank of Japan still retained almost the same reserve as at the beginning of the war, 10,444,000 pounds, a decrease of only a little more than a million after more than a year of war against a larger and incomparably a richer foe. During the latter part of May, 1904, a temporary diminution occurred and the reserve reached 6,800,000 pounds; but the government, while making every effort to withdraw as little gold as possible from London, kept the reserve of their own bank replenished constantly, and made every effort to prevent any possible depression of the money market.[1]

Although the Russian preparation for the war had been characterized by none of the foresight of the Japanese, the value of a large gold reserve in time of war was completely demonstrated. Because of the millions of gold which they held, the Russians were able to borrow as cheaply in France and Germany as the Japanese were able to borrow in England. It was the incompetency of the military and naval service and the disorganization within the government and among the people which defeated Russia. It is probable that had the war continued, the advantages of the larger reserve would have been more and more convincingly demonstrated.

[1] These figures are derived from an article by Edgar Crammond: "Financial Preparation for War," *Nineteenth Century:* 74:929: N., '13.

The importance of finance to military leaders results from the necessity of borrowing huge sums for any considerable war because of the tremendous costs of modern armaments. In the last years of the Great War the expenditures of the Allied Powers were so enormous that their own financial reserves were exhausted; and they were forced to turn first to Great Britain and then, when even the resources of London, the financial capital of the world, began to fail, to the United States, especially after her entrance made American resources available. In similar fashion, the Central Powers were forced to turn to Germany. The vastness of modern war expenditures, and the extent to which the richer nations were compelled to assist their allies, may be seen in the following table: [1]

Gross Costs Among Active Belligerents

	Gross	*Advances to Allies*	*Net Cost*
United States	$32,080,266,968	$9,455,014,125	$22,625,252,843
Great Britain	44,029,011,868	8,695,000,000	35,334,000,000
Rest of Empire ...	4,493,813,072	***	4,493,813,072
France	25,812,782,800	1,547,200,000	24,312,782,800
Russia	22,593,950,000	***	22,593,950,000
Italy	12,413,998,000	***	12,413,998,000
Other Allies	3,963,867,914	***	3,963,867,914
Total	$145,387,690,622	$19,697,214,125	$125,690,476,497
Germany	$40,150,000,000	$2,375,000,000	$37,775,000,000
Austria-Hungary ..	20,622,960,600	***	20,622,960,600
Turkey and Bulgaria	2,245,200,000	***	2,245,200,000
Total	63,018,160,600	2,375,000,000	60,643,160,600
Grand total ...	$208,405,851,222	$22,072,214,125	$186,333,637,097

The cost of putting in the field a single division has been estimated by the General Staff of the United States Army as follows: [2]

[1] E. L. Bogart: *Direct and Indirect Costs of the Great World War,* p. 267.

[2] War Department Document No. 527 (W. C. D. 8121-39).

One Infantry Division

Signal supplies	$293,751.35
Quartermaster supplies	3,283,121.37
Engineer supplies	18,439.67
Ordnance supplies	4,435,771.20
Medical supplies	110,059.09
Total	$8,141,142.68

One Cavalry Division

Signal supplies	$283,456.37
Quartermaster supplies	4,716,974.81
Engineer supplies	17,070.77
Ordnance supplies	3,892,553.94
Medical supplies	135,145.92
Total	$9,045,201.81

The cost of war, being so tremendous, will tax the financial resources of even the wealthiest nation; and if the war is to continue for any considerable period, the share of international finance in keeping armies in the field will become so important that the bankers, if they wish, will be able to control the duration of hostilities.

The astonishing extent to which the modern financial world is inter-related and inter-dependent (it is said that more than twenty-five per cent. of the world's securities[1] are held by the bankers of nations other than those of the corporations and governments issuing the securities) in itself exerts a natural stabilizing influence upon international relations.

The large amounts of the investments which have been placed by European investors in countries other than their

[1] "The total foreign investments of the surplus-investing countries of the world aggregate between $26,000,000,000 and $29,000,000,000. As the world's negotiable securities, according to M. Alfred Neymarck, were, in 1907, approximately $111,000,000,000, it will be seen that over 25 per cent. of the investments of different nations is in bonds and stocks of the *outre-mer* class." Charles F. Speare: "Foreign Investments of the Nations," *North American Review:* 190-83: Jy., '09.

own, is partly due to a desire in certain countries to escape taxes on domestic securities; but it is also due to the financial necessities of the case. In France, where saving has proceeded much faster than expenditure, owing to the national thrift, foreign investment is an established policy.

As German colonial development began soon after the Franco-Prussian War, the Germans placed their investments in numerous foreign countries, employing the billion dollar indemnity as a base of capital supply for their purpose. The business men of the German Empire carried out this policy to a greater degree than those of any other nation, and sometimes came near recklessness in their willingness to invest in out-of-the-way corners of the world. Unable to find a sufficient field for investment in their own colonies, they were often able to find profitable fields even in the colonies of their enemies. Five years before the Great War began, the German investments abroad were estimated at $5,000,000,000, and they grew rapidly in the years immediately preceding the war.

The world-wide expanse of British colonies has made it possible for a good deal of the Empire's capital to be kept under the British flag, and in general this capital has been invested only where populations were increasing and the purchasing power was growing. This condition is also partly a result of the immense amount of exporting done by the British and of the fact that London is the centre of the world's money market. At the time when the German foreign investments had reached $5,000,000,000, the British investors were enjoying an annual income of $500,000,000 from a total of $14,000,000,000 investments abroad.[1]

[1] These and the following figures are in the main derived from an article by Charles F. Speare: "Foreign Investments of the Nations," *North American Review:* 190:82-92: Jy., '09.

The principal British fields of investment may be indicated about as follows:

British Investments Abroad

United States and Canada	$5,850,000,000
Africa	2,675,000,000
Asia	2,255,000,000
Australia	1,735,000,000
Europe (Continental)	1,025,000,000
South America	750,000,000

The excess of saving over expenditure which has resulted from the characteristic thrift of the French has brought to the republic a large share of foreign investment. This has not only been a matter of *quid pro quo,* but an outcome of the necessities of the case. The desire to avoid the constantly increasing taxation on securities held at home, and a general feeling that the spread of Socialism might eventually threaten capital invested within the bounds of the republic, has also led to foreign investment.

The widely distributed area in which the $7,000,000,000 of French foreign investments were placed only a few years before the European war broke out, serves to indicate the wide distribution of French influence and is one reason why the Paris Bourse has always been so easily affected by rumors of war. The greater share of French money has gone to Russia, because of the cordial relations which have existed between the two countries since they came to realize their common danger from the growing power of the German. How very widely these investments are scattered about the globe may be observed in the following table:

French Investments Abroad

Russia	$1,750,000,000
Egypt and Suez	600,000,000
Spain and Cuba	500,000,000
Austria-Hungary	600,000,000
Turkey	450,000,000

Argentine, Brazil, and Mexico	500,000,000
Italy	400,000,000
Great Britain	250,000,000
Portugal	200,000,000
U. S. and Canada	350,000,000
Belgium, Holland and Switzerland	225,000,000
South Africa	200,000,000
China, Japan	150,000,000
Germany	100,000,000
Sweden, Norway, and Denmark	100,000,000
Other states	700,000,000

The investments of the United States have been principally confined to the western hemisphere. Mexico, South America, and the West Indies have received the lion's share of American capital that has been invested abroad,—not so large a proportion of the country's wealth as is the case in European countries, because of the large field for investment at home, due to the continuing development of a country still comparatively new. The few hundred millions which American financiers invested in Europe before the outbreak of the war gave the balance of financial power to the United States, were more than offset by the heavy investments of Europeans in this country.

Money is international in the modern world because in all civilized countries the common basis is gold. A credit which is based on gold is an international credit; and a commerce which is based on money and on credit, therefore ultimately on gold, is international. This common bond among the nations is made stronger by the astonishingly complex system of agencies through which the money, credit, and commerce of the world are bound up together. The dollar, the pound, the franc, the mark, the ruble, and the crown recognize no frontiers.

Because of the degree of this interdependence, a disturbance in the peace of the world, no matter where, is certain

to be reflected in the Bourses of Europe. The most recent example, prior to the Great War, is to be found in the Balkan disturbances in 1912, when the mere rumors of the mobilization of the little Balkan states were sufficient to depress the money market in all the great European powers. On the first of October there was a severe panic on the Berlin Bourse and another in Vienna, which later extended to Paris. London at first stood firm in spite of the severe pressure that resulted from the difficulties on the Continent, but when Montenegro began hostilities the series of panics in Paris, Berlin, and Vienna resulted in a wave of selling against which London could not stand, so that on Saturday, October 12th, even the English money market had to succumb.

In view of the disastrous results of the minor warfare of the Balkans, which was the outcome of the financial interdependence of the world and also of the tangle of alliances and economic rivalries of Europe, the world-wide financial confusion which resulted when the Great War broke out in 1914 is not surprising. The Balkan scare had left the fear of war heavy among European financiers, so that there was nearly a panic in Vienna after the murder of the Archduke Ferdinand, which was only averted because the Monday following the murder (committed on Sunday) was a holiday, giving time to take preventive measures. Between July 2nd and 13th there was very heavy selling and a decline on the 20th. Three days later there was a war panic in both Berlin and Paris, with reflexes in London and New York. The Vienna exchange had to close the day before the Austrian declaration of war on Serbia, and the Montreal, Toronto, and Madrid exchanges closed the day of the declaration (July 28th). On the 29th the Berlin Bourses discontinued quotations and the next day the panic had reached London and the Bourses were closed in Petrograd

and all the South American countries. The London Stock Exchange and the New York Stock Exchange had to close on July 31st.

Even though the capacity of international finance for preventing wars be doubted, these facts make it evident that it is seldom to the advantage of financiers to encourage them. The results are disastrous because of the vast and intricate network of international investments and the danger which even the prospects of war can create. Financial relations, therefore, tend to exert a stabilizing influence upon the political relations of the states of the world. International finance has certainly often failed to prevent wars; but because of its international character it will ordinarily seek to keep peace unbroken.

So close are the bonds which unite the nations that an eminent British statesman once suggested that in the event of hostilities between England and the United States, the British might begin their efforts to injure American commerce and finance by burning the warehouses at Liverpool, while the Americans retaliated in similar fashion on the warehouses in New York!

In spite of the writings of a certain school of theorists who have tried to make their readers see the financier as a sort of Mephistopheles forever at the statesman's elbow urging him on to war as a profitable investment, and in spite of the undoubted effects of economic rivalry in creating war, there is certainly another side to the picture. No state in the modern world can wage war without the assistance of the international financiers. Although financier and statesman may be carried together into a war which they cannot prevent in spite of the probable wrecking of the commercial life of the nation, the weight of the financial interests is likely to be against war if only because of the importance of the money interests at stake.

Yet it is quite clear that international finance has had a good deal to do with the desires for concessions and spheres of influence which have caused so many wars. It is also certain that in many cases when a refusal to grant war loans to foreign nations would have halted hostilities, the financiers have seen the opportunity for a good investment in foreign governments' bonds and have not chosen to exercise their power. One may imagine the probable predicament of Japan in 1904 had the English financiers refused to float her loans; and there is more than a suspicion that the ending of the war came in part because credit was beginning to fail.

Before the World War it was thought that the magnitude of the commercial and financial relations between England and Germany might prevent a war between the two states in spite of the many causes of increasing friction. The distinguished English statistician, Edgar Crammond, could write in November, 1913, less than a year before the outbreak of hostilities: [1]

"London accepting firms lend enormous sums for the purpose of financing the trade of Germany, Italy, Austria, and other European countries. By means of acceptances, London finances one Power alone (Germany) to the extent of about 70,000,000 pounds at any given moment. This money has been borrowed from the English Joint Stock Banks by the accepting houses, and if war should break out, say, between Great Britain and Germany, the London accepting firms would be placed in a highly dangerous position. They would have made themselves liable for the payment to the Joint Stock Banks, within, say, three months of the outbreak of war, of the sum of 70,000,000 pounds against bills drawn on German account. The accepting houses could not, of course, pay the whole of this vast sum unless they received it in the ordinary course of business from their

[1] Edgar Crammond: "Financial Preparation for War," *Nineteenth Century:* 74:939: N., '13.

German clients. In the circumstances named, it is more than doubtful whether the German clients could or would pay this amount and in that event what would be the position of the London accepting firms and the English Joint Stock Banks?"

Three years earlier the same writer had prophesied exactly what came true ten years after his prophecy; namely, enormous German losses from an unsuccessful war with Great Britain:[1]

"War with Great Britain, if unsuccessful, would involve enormous losses to the German people. . . . A very large amount of British capital is employed in financing the trade of the German Empire; and the economic ties which bind the two countries are of the most intimate character. A rupture of these relations would prove disastrous to both countries."

Read in the light of subsequent events, these passages serve to show the over-reliance that was placed upon the financial bond. None the less, the effect of this inter-relation in the world's finances has been felt on the side of peace on several occasions.

Although international finance has failed on numerous occasions to prevent war, and has on equally numerous occasions made no especial effort to prevent it, it has also been successful in checking hostilities before they began. The preponderant influence of the United States in South American countries is not entirely due to the armed might of her army and navy; for it is certainly true that the enormous investments of American business concerns in those countries make for the maintenance of peace, partly through the power of finance, and partly because of the implied threat of intervention should the holdings of American capitalists come to harm. The important point for

[1] Edgar Crammond: "Finance in Time of War," *Quarterly Review*, 213:323, O., '10.

present purposes, is the fact that international finance in the western hemisphere is certainly operating to avoid war.

The possibility of another aspect of American finance in the countries of South America is, however, only too familiar. It is well known that American financial interests have repeatedly been powerful in urging the intervention of the United States in Mexico, at the certain expense of a long and bloody war. Other of the more powerful companies engaged in South American trade have been suspected both of fomenting revolution and of attempting to use naval power to further their own interests once disorder has begun.

Instances are not lacking in European history of the influence of international finance, either in postponing, limiting, or preventing war altogether. Credits withheld from Philip II by the merchants of Genoa, as a result of the persuasion of English merchants, at the time when the outfitting of the Spanish Armada was in progress, delayed the sailing of that formidable fleet for a year, during which the English preparations for meeting it had progressed so far that it could be defeated. These early international financiers, to be sure, did not prevent the war, yet not only did they postpone it, but they also shortened its duration and directly affected its outcome.

What could be done three hundred years ago when every country was more nearly self-sufficient than any country is today, both economically and financially, can be accomplished much more readily and completely at present. The coldly commercial motives (without considering others) which urge financiers to undertake such action are far more powerful, now that the possibilities for the unsettling of commerce and finance by war are so greatly increased, and now that the destructiveness and costliness of war are so much greater.

Even in the middle of the Nineteenth Century, Napoleon III had to give up his plans to undertake the expulsion of the Austrians from Italy, because the mere rumor of the proposed campaign caused a panic on the Bourse. Nearly half a century afterward the resentment of the French over colonial friction with the English in the Sudan and Central Africa was palpably allayed by the rise in value of Egyptian bonds, due to the British occupation. The French investments in these securities had been very heavy. When it is considered that at the time of the Fashoda incident (1898), public opinion in France would have supported a war with England had the internal condition of the republic made it possible, but that within six years it had been modified sufficiently to permit the Entente Cordiale to be established, the possibilities of international finance in the pacification of public opinion and in preventing war become evident.

One of the most recent examples of the prevention of war by financial influence is the action of the French bankers at the time of the war scare after the Agadir incident in 1911. The precise details of the transactions which went on at the time are shrouded in a businesslike reticence, but the essentials are sufficiently known to make it possible to deduce with accuracy what occurred.

As the German attitude over Morocco became more and more threatening and the prospect of a European war was imminent, the French bankers began quietly to withdraw their enormous investments in Germany, continuing this process until the economic pressure reached such a stage that the situation was relieved. So severely were the effects of this pacific financial maneuvre felt in Germany that many business houses were on the point of failure, until the Reichsbank came to the rescue.

The gunboat "Panther" had been sent to Agadir on July

1st, initiating a crisis which involved all of political, military, naval, and financial Europe. German industrial enterprises, already heavily in debt to France, and having been accustomed to meet their growing needs with further borrowing, found themselves by September and October in need of 300,000,000 francs, when all French credit was refused them. They were compelled to turn to the United States and to pay from six to seven per cent. for money which they might ordinarily have borrowed from French banks at three and four per cent.[1]

This example of the characteristic French method of meeting a strained situation in international affairs—"rattling the purse" as opposed to the characteristic tactics of the German Empire in "rattling the sabre"—serves to show what can be accomplished by a group of able, resolute, and patriotic financiers, holding the right investments, at a moment of extreme national peril.

The dual rôle which international finance plays is shown in this incident by the fact that it is also quite probable that other financial interests, both French and German, may have had a great deal to do with precipitating this very crisis for their own ends. Socialists alleged, during the progress of the crisis, that a secret understanding existed between certain French and German financiers, and that the government was allowing itself to be made a cats-paw.

The French, because of their large foreign investments (larger, probably than the British, since many of these are not strictly foreign but merely colonial) and also because a large part of their investments are in the bonds of other governments, can exert a greater pressure than most other nations. The influence that French finance could exert over Russia in the years before the war is evident; and

[1] W. M. Fullerton: *Problems of Power,* p. 216.

there was a similar power of the purse among the Balkan nations.

The nature of this financial power had been illustrated before Agadir in the flare-up in the Near East in 1909, when the balance of power remained in Paris because of the action of the French financiers in demanding peace as a *quid pro quo* for their relief of the prospective belligerents in their time of financial stress. A journalist commenting on these incidents at the time observed that: "France could almost dictate, if she wished, the political policies of half a dozen European countries, the bulk of whose debt she holds." [1] At the time of the Balkan scare of 1912, French loans to Rumania, Bulgaria, and Serbia aggregated 1,000,000,000 francs.[2]

In the recent friction between China and Japan, the Chinese, knowing their military impotence as matters stood, have had recourse to economic and financial pressure. Persisted in unofficially in spite of edicts from Pekin, this pressure did succeed in producing a mitigation of the rigors of Japanese policy. In South China, where the measures were most effective, Japanese imports fell in October, 1919, to 87,000 yen as against 611,000 yen for the same month of the previous year.[3] No industrial state can withstand such pressure.

It is clear that international finance, by its mere complexity, exerts an immense influence in stabilizing the relations between nations, and that if circumstances are favorable and the financiers involved are willing, it can prevent war, seeing it has already done so on several occasions.

Impressed with these undeniable facts, however, numer-

[1] Charles F. Speare: "Foreign Investments of the Nations," *North American Review:* 190:92: Jy., '09.

[2] *L'Information,* January 10, 1913.

[3] Charles H. Sherrill: *Have We a Far Eastern Policy?* p. 265.

ous writers have expected too much of the financier. A writer in the ardently pacifist New York *Independent,* commenting on the Agadir affair, wrote:[1]

"It is becoming every day more clear that the great financial interests of the world can 'hold up' war when they once make up their minds to do it. We do not overlook the fact that rumors of war . . . instantly exert a depressing influence upon financial operations. . . .

"What is chiefly needed today is a policy of daring and resolution on the part of the leaders of finance, industry, and public opinion. . . . The moment that the great financial interests say the word, it will become suicidal for any nation, however obsessed with notions of its own greatness, to break the peace."

The very incident upon which this journal was commenting, however, illustrates both of the ways in which international finance may be of influence in international relations. There is reason enough for believing that finance had much to do alike with provoking and allaying this crisis.

It is a more just view to regard international finance as either a safeguard or a menace to peace, according to circumstance. It is a powerful force, but it is a force that is in the hands of its controllers, the bankers, and it may make either for peace or for war, as they desire. Investments in the bonds of a backward nation, as in the case of Egypt, may well lead to hostilities when it becomes impossible for the creditors to collect without the armed assistance of their governments.

The view sometimes expressed, that the destruction of the financial system of an invaded state would react so powerfully upon the aggressor as to ruin his own finances, falls to the ground when it is considered that there is no real reason why the financial and banking system of an

[1] *Independent:* 71:104-105; Je. 13, '11.

invaded state should be at all interfered with by the invader, who proceeds with his wholly military occupation without meddling with finance.

The belief that the expense of modern wars may deter states from entering upon them, must be dismissed or modified in view of the evidence of 1914 and of previous history which goes to show that monetary difficulties have usually been overcome somehow by states which felt war necessary. Wars have often cost infinitely more than the statesmen who engaged in them expected, but in most cases they have been able to find means of struggling through to the end.

Financial difficulties have not always in the past been sufficiently a bogey to prevent wars; nor has the influence of financiers been invariably cast against war. On the other hand, the stabilizing influence of international financial relations, and the examples of their prevention of war offer evidence of their value in preserving peace.

CHAPTER VI

INTERNATIONALISM AND ECONOMIC CONFLICT

THE doctrine of internationalism is peculiarly the product of European civilization and of the Nineteenth and Twentieth Centuries. It is an idea which has grown up simultaneously with the development of the bitter economic conflicts between nations resulting from industrialism, and an idea which has derived added force from the appalling character of the wars of the period. At no other time in history could the idea of the "family of nations" have been so thoroughly comprehended, and at no other time could the tendency toward a higher unity than that of mere nationality have been stronger, than in the Europe which has just passed through the greatest and bloodiest war ever fought.

Nations hitherto have been concerned mainly with their own development. They have looked on one another either as rivals or as possible allies, to be used in attaining national ends and cast aside as soon as they ceased to be useful—a theory of international relations which has by no means disappeared. The idea of the family of nations and of the community of many of their characteristics and of their civilization, is a peculiarly modern thing. A sort of internationalism existed among the small city states of ancient Greece, held together by the common tie of their Hellenic blood and meeting at stated periods in what were probably the first international events, the Olympic games. But the ideas of internationalism, of the community of

interests of the whole world, and of the possibility of a world state not based on conquest, have developed only within the last century.

Geographic conditions have nowhere been so favorable to the rise of the international spirit as in Europe. In the Orient, barriers interposed between the developing civilizations of China, Japan, and India, so that each could in isolation build up its peculiar, self-contained culture, seeking nothing from other lands, and feeling the need of nothing. On the European continent there were no such barriers, no mountain ranges large enough to be insurmountable, and rivers such as the Rhine, Meuse, Scheldt, and Danube, whose courses served rather to connect than to divide the peoples of the continent.

Here there grew up a group of nations nearly equal in power, no one sufficiently stronger than the others to maintain a long-continued supremacy. During the very period in which the suspicions, distrusts, and economic struggles whose course has been traced in the preceding chapters, were at their height, there was also developing among these states another idea. This found expression in the "Concert of Europe," invoked again and again during the Nineteenth Century in lieu of recourse to arms, for the settlement of questions of common concern. During the years following the downfall of Napoleon, the Concert acted on numerous important questions, sometimes in perfect harmony, more often with many differences, but always in recognition of the existence of questions in which all the Powers had interests and in whose settlement each was entitled to a voice. This unity sprang out of the alliance which had been formed to overthrow Napoleon, and it continued, though with unanimity somewhat abated, throughout the greater part of the century.

The chief contribution that this principle made to Euro-

pean politics was the establishment of the custom of Congresses at which the diplomats of the various states met to discuss and decide upon the issues arising between them. At the height of its prestige the Concert occupied almost the position of an international tribunal capable of dealing with all matters which concerned Europe as a whole. Its purpose was the maintenance of peace through the recognition of the principle that all the states of Europe had a vital interest in territorial changes, which should on that account be settled by general agreement rather than by agreement only between the two Powers immediately involved.

After the Congress of Berlin in 1878, divisions began to be formed among the Great Powers, resulting finally in the formation of the Triple Alliance and the Triple Entente. The "Concert of Europe" had become the "Balance of Power." Two groups of states—the members of each having patched up the economic and political rivalries as best they could, and each group having fairly well-defined and conflicting economic objects—confronted one another. Each protested earnestly its desire for peace; each prepared constantly for war.

The disruptive results of these economic rivalries and of the Balance of Power in which they were expressed could not undo the work that had already been begun. The seed of the idea of internationalism had been sowed, and it bore fruit continuously throughout the Nineteenth Century in various forms of international co-operation for the common benefit of all nations.

In the century between 1814 and the outbreak of the World War, sixty-four official conferences were held, in which the representatives of from three to fifty states met to consider subjects of common international interest varying from the control of the African slave trade to the ex-

change of works of art.[1] In addition to these official conferences, in which the envoys represented the governments of Europe and of the world, there were more than seven hundred international conferences, congresses, confederations, and alliances, in which the delegates represented private interests only. The subjects for consideration at these gatherings included serious social questions, such as the control of alcohol and of prostitution, the promotion of peace, race hygiene, the suppression of duelling, eugenics, juvenile courts, as well as subjects of religious, professional, or artistic interest. There were thirty-two religious gatherings (which purported to be international in character, although at many of them few nations were represented) and thirty-seven international conferences for the consideration of educational questions. Between 1847 and 1913 there were nearly two hundred fifty conferences on various scientific subjects, including medicine, entomology, linguistics, embryology, psychic research, pathology, radiology and the like, holding sessions which varied in number from one to twenty-eight. There were almost as many conferences on economic subjects, among which were included congresses to discuss colonial agronomy, metallurgy, agriculture, railways, marine work, textiles, cattle breeding, ceramics, and seed testing. Almost without exception these conferences met in European capitals, and the countries represented were principally European, although the greater part of the world came to be represented, especially in those held more recently.

The increased ease of communication, which was the result of the growth of railway, telephone, telegraph, cable, and the newspaper, added greatly to the international spirit. It accounts for the increased frequency with which the

[1] Exhaustive lists of these conferences are given in the appendix to J. C. Faries: *The Rise of Internationalism,* pp. 181-202.

international conferences came to be held, until in the year before the Great War broke out, no less than forty-one conferences were held in various parts of Europe, international in character and considering a wide variety of economic, professional, social, and artistic questions.

The movement towards internationalism took concrete form, too, in the organization of numerous unions, bureaus, and conventions for the accomplishment of a number of scientific and mercantile purposes which were best to be carried out by a number of states acting in co-operation. Among the most important of these were the General Postal Union, the Metric Convention, the Central Office of International Transport, and the International Union for the Publication of Tariffs, each of which had an obvious economic significance.

The General Postal Union was founded at Berne in 1874, with twenty-one states as members. Four years later it was replaced by the Universal Postal Union, meeting at Paris; and the convention has since been revised by Congresses meeting at Lisbon in 1885; Vienna, 1891; Washington, 1897; and Rome, 1906.

Considerations of convenience in view of the growing volume of international business relations led to the establishment of the Metric Convention in 1875, with ratifications by practically all the Powers of the world, and to the erection of the International Bureau of Weights and Measures with a central office at Paris, under the control of an international committee.

Convenience in business relations led in 1890 to the formation of the Union for the Publication of Tariffs at Brussels, maintaining a permanent bureau in the city of its origin so that information may readily be obtained as to the tariffs of the countries of the world. A more strictly European international bureau is the Central Of-

fice of International Transport, a railway union of all the continental powers for the purpose of harmonizing their rail systems.

Such international organizations are necessary and are possible because of the increasing complexity of the commercial and financial relations of the world. The modern economic system has a side other than the fierce struggle sketched in the previous chapters. It is true that conflict between the economic interests of the European nations, as they have expanded into the far parts of the world, has led to constant war, because of fear for the safety of food supplies, raw materials, and markets. But this expansion of the modern world, with its consequent interdependence of states, has, it is equally true, led to a growth of the international spirit.

The same economic forces that have led to constant war in all quarters of the earth are, through the complexity of organization which they involve, fostering the international spirit. International trade cannot go on without international co-operation.

Modern industrialism tends to create internationalism in some measure, simply because it has grown to such an extent that its trade necessarily oversteps frontiers. The type of internationalism produced by our present industrial and economic system is so far from ideal that we seldom think of it as being international at all. It is different from the ideal and wholly Utopian world state that is usually associated with the word "internationalism," that we fail to recognize it. Utopia is only an extreme of internationalism, however, and internationalism may exist without extremes.

Although, when contrasted with the international ideal, the condition of the world since 1878—with its wars, its bitter commercial rivalries, its quarrels over colonies and

spheres of influence—appears a chaos, one has but to contrast it with an extreme nationalism to see that a very real and fairly extensive degree of internationalism has actually existed for a long time. The self-sufficing nation —whether economically or culturally—no longer exists. If we contrast the Europe of 1840 with the exclusively nationalistic Japan of the same date, the degree to which internationalism had even then grown up is at once apparent.

Internationalism has been a very real thing in the worlds of science, art, and literature for a long time. Trade between the nations and the necessity for external markets and external sources of food and raw materials have grown so largely within the last half century that commerce has become international. Business and industry have ignored frontiers to an extent never approached before in the history of the world.

The political interweaving of the world by military force is an old story. The absolute dependence of the various countries of the present world through finance and commerce—so complete that every state is influenced immediately and obviously by the economic conditions prevailing in other states—is a new story. This condition has come about through the rise of industrialism, with the consequent necessity of expansion into all parts of the globe. Commerce has become an international agency and the business men and financiers of the various nations begin to find frontiers rather a hindrance than a help. Even French and German financiers have ventured to co-operate in Morocco.

It is because of this fact that the tendency has begun to standardize so far as possible the commercial conveniences of the whole world. Here is to be found the origin of railroad agreements, international tariff agencies, inter-

national rates of exchange, international units of measure, and the rest of the means of co-operation between individuals of different states and the states themselves. It is not without significance that the American decimal monetary system was taken over *in toto* by the Canadians, in preference to the more complicated English system. A century ago there would have been no need for an international coinage comparable to the need today, nor for the publication of international tariffs and an international system of weights and measures. International trade, indeed, existed, but the industrial life of most of the states of Europe did not then depend upon it, nor could the prevention of importation or exportation cause widespread suffering among the people of a whole nation, as it can today.

An apparent exception to this is to be found in the condition of the British Isles, which would even then have suffered from lack of food. But even here the alteration which the modern industrial changes and the consequent international dependence have brought about is very marked. The Revolution in America could cause little industrial unsettlement in England in 1776, even though imports from the colonies were interfered with. The American Civil War, less than a century later—the inter-relation of precisely the same territories—could cause so much British suffering as to provoke the thought of intervention, a result of the growing complexity of the world's economic system, and the growing interdependence among nations.

At first thought it seems that such a state of affairs—in which the interests of the nations are continually becoming more and more closely united and in which the frontiers are an annoyance if not a hindrance to the business men who are the dominant powers in the life of most industrial states—would automatically produce Utopia

overnight. If the nations of the world are so inter-united that they cannot get along without one another, we might well expect to wake up some morning to find that by a gradual progress of world evolution they have merged into one, and that the federation of the world has arrived in the guise of an economic necessity.

How far this is from being the actual case, the continuing wars, whose genesis can be so easily traced to economic causes, suffice to show. Neither the tendency toward internationalism arising from economic conditions, nor the tendency toward wars arising from the same source, can be denied. Contradictory though they are, they co-exist; and they are both the outcome of the same cause: the pressure of population, out of which grows industrialism. An industrial state of society means an enormously complex dependence of civilized nations on one another and on undeveloped territory. Such interdependence means both co-operation and conflict. A strange pair of twins from the same mother—internationalism and war.

Both are the results of the economic system of the day. From it internationalism arises because of the necessity for commercial relations with other states and their dependencies, and from the community of interests which is thus brought about. From it economic rivalry, with its resultant wars, arises because of the clash of interests between industrial Powers contesting for markets, raw materials, and food.

Examples of the co-existence of co-operation and conflict are frequent enough in recent history. Germany and France were political and economic rivals in many spheres. The hostility existing between them—it had been an admitted fact of world politics for years—would in the end lead to hostilities. In Africa, in the Far East, in Alsace and Lorraine, in the frontier restrictions on imports and

exports, economic rivalry produced a sharp clash of interests. German industry grew and flourished on the iron deposits taken from the correspondingly crippled French industry. The economic hostility between the two was clear enough and its share in producing war has been amply demonstrated.

At the same time that this rivalry was growing up, however, there was also growing up between them a community of interests which arose out of their commercial relations. Since Germany and France, despite their differences, had to trade with one another, the Metric Convention,—an international measure and a step, however slight,—to the breaking down of national barriers, had to be adopted because it was a convenience for commerce. One cannot imagine a pair of isolated states such as China and Japan in 1840 finding necessity for such a convention, because no international trade relations of any considerable extent existed. Similarly, the tariff publications, the agreements with regard to cables, wireless, mails, railways,—all measures tending to bring the nations of the world closer and closer together—have grown out of the internationalism of trade resulting from the very industrialism which was breeding simultaneously the wars that tore the nations apart.

The situation is a paradox on a world-wide scale.

Bitter as was the Anglo-German struggle in the years before 1914, there was real co-operation. Admitted fact as the rivalry between English and German trade has been for years, economic links bound the two nations so strongly that a portion of the British public neither felt nor understood the menace of Germany. While one division of British sentiment was opposing the passage of a protective tariff, another was demanding it to safeguard British industry from German "dumping." While half of Britain

could not sleep o' nights for fear of German dreadnaughts, the other half was peacefully consuming the very goods which those dreadnaughts were built to protect in transit. For German "dumping" would never have been possible had British citizens refused to buy. That they did not refuse to buy is best shown by the results of the British and French laws requiring the "Made in Germany" stamp on all German goods. Intended to check German trade by warning the consumer that he was not patronizing home industries, the stamp became instead the best advertisement of the German manufacturers. Industrialism was producing a world-wide contradiction. It was creating internationalism and international war at the same time.

One other illustration of this paradox is to be seen in the organization of the working class. The rise of industrialism has produced simultaneously an incentive to a new type of internationalism and an incentive to a new type of war. International organization of the workers has roused both a class consciousness that ignores frontiers, and the advocacy of a war between classes. The Internationale, created by an industrial proletariat, has gone a long way since the days of Karl Marx, Friedrich Engels, and the Communist Manifesto, with its plea, "Workers of the world, unite."

The workers of the world have united, or at least they are uniting; and they are developing among themselves the "international mind." Thoroughly devoted to the principle that at the root of all wars lie the interests of the capitalists of the various countries (a class which they regard as leagued in an international community of interests), the leaders of the radical wing of labor before the war sought their own union in the Internationale which, with its headquarters at Brussels, had been organized and active for more than half a century.

International finance and international working-class organization are two conflicting forces to which nationality is coming to mean less and less. They both make for international solidarity. But finance may stimulate (as well as prevent) wars between states; and the leaders of the Internationale have not hesitated to preach another kind of war—not between states, but between classes. The attempt of German and French socialists to stop the war in 1914, failure though it was, has an enormous future significance.

The interest of the wage-earner in internationalist organization is very large. From the workers come the rank and file of armies, who endure a maximum of the misery and enjoy a minimum of the glory and profit of war. Only through the indirect and not always apparent channel of extension of the national industry, does the worker profit, if he profits at all, from the wars of economic rivalry. Hence the growth of the international movement among the working classes in recent years; and hence the efforts of French and German socialists to prevent the outbreak of the World War—an effort which is pregnant with future possibilities.

That the tendency toward international solidarity which economic and financial inter-relationship and the scientific and artistic community of tastes and interests throughout the world produces, has not prevented wars; and that international economic rivalry has been productive of so many wars, suggests a comparison of economic rivalry between states, with economic rivalry within the state itself. Why have most individual nations developed to the point where their cohesive forces are sufficient to prevent civil war? Why has internationalism never developed to the

place where it can accomplish the same thing in international relations?

In any state, internal commercial rivalries exist which are analogous to the larger economic conflicts of the world powers. In the larger political organisms of the world, in states like the British Empire or even the United States, internal economic rivalries may exist to a very considerable degree. The tariff laws of the British dominions or the tariff wars that raged among the American states prior to the formation of the Union, are sufficient demonstration of the fact. Sometimes, as in the United States, underlying economic causes may lead to civil war; but these cases are rare in the modern world. There are not many civil wars, whereas since 1878 there have been only four years when the world was wholly free from international struggle. Why do international economic rivalries lead to war, in spite of the strong international solidarity that has gradually grown up in Europe and the world at large, whilst only occasionally do economic difficulties within nations lead to civil war?

The answer is to be found in the tradition, of very recent origin, sanctioning the intervention of diplomats, supported by the armed power of their states, in the economic interests of their nationals. The commercial *attaché,* that curious link between the consular and diplomatic services, is a newcomer in the embassies. Commercial rivalry has not been left upon an entirely economic basis; but political power has been thrown into the scale to help the economic interests of the fatherland where competition was proving too much for its merchants. Within states there is no such governmental effort to secure "special interests" and "legitimate aspirations." Massachusetts does not seek to assure supply of raw materials to her textile mills by

threatening to use her militia to secure an exclusive "sphere of influence" in the cotton fields of Georgia.

Not only has trade followed the flag; but on a good many occasions the flag has gone post-haste to the rescue when trade has found itself in difficulty. Great Britain had forty per cent. of the trade of Morocco; France had twenty; Germany had nine;—the Kaiser sent a gunboat. The Turks in Tripoli hampered Italian commercial penetration—the Italians seized Tripoli. The extension of Russian, German, French, and British commercial interests in China was not left to the individual enterprise of the merchants themselves. Spheres of influence were demanded, and governmental assistance was granted them.

The intervention in Egypt was largely a matter of helping out European investors who had made a bad bargain. If the same investors had bought wild-cat mining stock in the United States there would have been no intervention, any more than there was intervention when the Volstead Act rendered valueless the very considerable European holdings of stock in American brewing companies. But when the Khedive's creditors lost, after having loaned to a backward and notoriously unbusinesslike native administration, they appealed to their governments.

Protection of nationals whose properties are threatened by disorder in the backward states in which they have invested (the sort of thing that the United States has repeatedly done in the smaller countries of South America) is much the same. Intervention of this kind, ostensibly necessary, has led often in the past to attempts at permanent occupation, which rouse the jealousy of other Powers, economic rivals of the occupying Power, and lead on to eventual hostilities.

There is good reason for questioning the ultimate value of such interference by governments. Certainly the peace

of the world would have been served if the financiers of European countries had been given to understand long since that their bad investments would not be recouped by their countries' armies and navies. It remains to be shown that economic progress would not have gone on at the same rate if the merchants who aspired to trade concessions in undeveloped quarters of the globe had been permitted to take their own risks and win their own profits or losses in free competition with their natural rivals from other states, without placing themselves under the protection of their governments.

Perhaps the development of such backward lands as China or of savage lands like the African territories, might not have proceeded under these conditions. There might, indeed, have been anti-foreign risings which would have led to massacres so appalling that armed intervention would have been necessary. The observed historic fact remains that where native risings have occurred (the Boxer Rebellion is a standing example) they have been caused by the intolerable demands of foreign states and not by the mere presence of foreign merchants.

Japan, it is true, was opened to the western world by force; but it is a noteworthy fact that Japan, having by force been able to defend her national integrity, has made more progress, economic, social, political, and intellectual, than any of the districts of the world which have been farmed out as "concessions" or "spheres of influence."

There is no denying that where economic rivalry has been inimical to the spirit of internationalism, that condition has usually arisen through the rivalries of governments over economic questions rather than through the rivalries of individual merchants or corporations unassisted.

The trade rivalries of Germany and England on the Continent and in their interchange of products, it is also true,

contributed to war; but they were only a small part of the causation of the war and they stirred up ill-feeling only in portions of both populations. German aggression in Africa, China, the Balkans—the result of political and diplomatic exertions on behalf of German merchants and industries—stirred the whole British public. The commercial rivalries of Germany and France on the Continent had little governmental recognition, and they led to comparatively little ill-feeling. The Moroccan difficulties stirred the whole populations of both states.

If political interference in economic conflicts could be prevented or limited, the checking of internationalism would be correspondingly prevented or limited; and the natural trend to solidarity between the nations because of their growing economic ties, ready communication, and their intellectual and artistic community, would be given freer play for the binding together of all peoples.

CHAPTER VII

THE LEAGUE OF NATIONS

THE principal economic cause of war is the interdependence of nations without guarantee of security save by their own armed strength. Almost every state in the modern world is completely dependent upon other states or upon colonies overseas for some commodity which is absolutely essential for its life, yet which may be cut off at any time by military or naval reverses in the event of war.

Every nation in Europe, as we have seen, must look outside its own boundaries for a large proportion of its food supply, for its markets, and for the raw materials without which its industries cease and its population starves. Germany and England look to the United States for cotton. Both states look abroad for large parts of their supplies of other raw materials. France imports huge quantities; and the absolute dependence of small manufacturing states like Belgium is abject.

The food situation has been much the same in all European states. The United Kingdom had for a hundred years been only a few weeks ahead of starvation, hopelessly and helplessly dependent upon the ships which from the ultimate ends of the earth bring in her foodstuffs. Before the war Germany had to import 16 per cent. of her grain consumption and the importations of the smaller states were proportionately much larger. The Swiss normally imported 78 per cent. of their grain, the Dutch 66 per cent., the Norwegians 65 per cent., the Danes 28 per cent. and the Swedes 14 per cent. Even the rich soil of

Spain was insufficient to meet the needs of the people.[1] Any state with military or naval power sufficient to cut the trade routes may starve its neighbors at will.

That modern states should be dependent upon the whims of their neighbors for the prosperity and happiness, even for the safety of their citizens, is an intolerable condition, which none the less existed at the outbreak of the World War in every European nation, and which exists today.

Instances are not far to seek. The Austrian attempt to ruin the farmers of Serbia by closing the frontier to their pigs, is a single grotesque but striking example.[2] The misery caused among the textile workers of England when the American Civil War cut off the cotton supply and forced the closing of the mills, is another; and in this case the economic pressure became so severe that it very nearly led to British intervention on behalf of the Southern States.

The subsequent British attempt to encourage cotton growing within the imperial dominions is a striking example of the effort of a state which finds its dependence on other nations too dangerous to be endured, to become economically self-sufficing. The seriousness with which the British recognized the menace to their textile industry of its reliance upon American cotton, is to be seen in the speech from the throne of Edward VII, February 2, 1904. The King said:

"The insufficiency of the raw materials upon which the great cotton industry of this country depends, has inspired me with great concern. I trust that the efforts which are being made in various parts of my Empire to increase the area under cultivation may be attended with a large measure of success."

[1] Sir George Paish: *A Permanent League of Nations,* pp. 62 and 75.
[2] See p. 173.

The efforts to remedy the dependent condition of the cotton industry have been successful to the extent of increasing the proportion of the cotton used by English textile mills grown within the borders of the Empire to a very considerable extent; but still 11,000,000 of the 16,000,000 bales of cotton consumed annually come from the United States.[1] The degree of dependence upon the United States is still disquieting, and only the navy provides a security which in these days of invention and in view of the probable future development of the use of aircraft in war, is more tenuous than a naval power cares to admit.

Other examples might be multiplied without end. Perhaps the most striking evidence of the interdependence of nations and the imperative necessity of providing security of some kind, may be seen in the suffering caused in the South in 1914 when the war prevented the export of American cotton to the German market, enabling the British to buy what they needed at depressed prices, with results very similar to those in England during the Civil War. As Englishmen had suffered in one great war because they could not buy cotton, so Americans suffered in another and a greater because they could not sell it. As England had then proposed to resort to force, so now Governor Colquitt, of Texas, in a fiery outburst, proposed sending "American ironclads to England's door," to enforce the rights of the cotton-growers of the United States.

In all these instances the situation is the same. Nations are vitally interwoven, one with the other. Almost any state can strike directly at the economic interests of any other—interests so important that serious interference with them produces nation-wide calamity. No agency exists to guarantee security against these occurrences at any time; and the nations of the world, unwilling to endure so

[1] J. Arthur Hutton: *The Cotton Crisis*, p. 12.

perilous a condition, resort to armaments to provide, by their own individual strength, such security as is possible. At the same time, they seek to acquire undeveloped territory to supply their needs; and in their efforts come into conflict. The train of miseries that the World War brought with it shows how little this method avails.

Interdependence is not in itself a cause of conflict. It is, on the contrary, as has been shown in the preceding chapter, the true cause for much of the progress already made in international co-operation. If the insecurity of the supply of commodities necessary to an industrial state can be removed, the interdependence of the states is the best possible link to bind them together. But security is indispensable. How is security to be assured, and the economic interdependence necessary to a complex civilization left to proceed naturally, becoming in the end a device for the preservation of peace?

It must be remembered in the first place that economic rivalry need not lead to the type of political rivalry which has found expression in the colonization and quarrels of the last fifty years. Except for the desire to keep its citizens under its own flag, a state has no need for seeking colonies, *providing that the steady inflow of raw materials and food, and the permanent accessibility of markets are assured.*

But if free exports and imports are not assured, an industrial state must, under the pressure of an iron necessity, seek to obtain colonies and strategic possessions on sea lanes and trade routes by land, in order to provide for its own safety. But granted this freedom of importation and exportation, the chain of war-causes—over-population, production beyond the capacity of the domestic market, food shortage, and lack of raw materials—which has been almost inevitable in modern Europe, ceases to be a danger. The

fear of excessive production ends when free access—not to the home markets of competing industrial states, perhaps—but to the colonial markets of the world, is offered to the merchants of every nation, subject to no restriction save their own commercial capacity and skill. The danger of food shortage, similarly, vanishes when the highways of the world are kept open by a power capable of crushing any single nation that ventures to interfere with their freedom. The lack of raw materials ceases to be a menace for the same reason and under the same conditions.

A fact which must be kept in mind always is that the wars which have broken out as a result of economic rivalry, have arisen from competition for trade or colonies or concessions in the politically backward portions of the earth. Germany and England met in competition in European as well as in colonial markets, and (although it is admitted that this rivalry contributed to ill feeling and helped cause hostilities) it is quite evident that it was not this purely trade competition (unaided by diplomacy or naval and military demonstrations) that produced the war. The kind of economic rivalry which menaces peace is that which grows up as the nations compete with one another in the more remote or undeveloped corners of the earth, railways in Asia Minor, lumber on the Yalu, the fertile Yangtse valley, Egypt, Morocco, and the Balkans.

Except for iron and coal, Europe in general looks to these undeveloped countries for all its raw materials and food. European Powers are not very fearful of possible hindrance to export or import among themselves; for, large as these exchanges may be in bulk and important as they may be financially, they are not so important to livelihood as are the raw materials and the food brought from the far-off, unprogressive lands, where the war that halted European progress was bred.

If a condition could be brought about throughout the globe in which industry were at all times certain of free access to supplies of the all-important raw materials and at the same time assured of adequate markets, most international friction would disappear. Such a condition does not demand the adoption of universal free trade by any means, but it does require the elimination of protective tariffs except for the development of home industries, and the total abolition of exclusive colonial tariffs.[1] General concession of most favored nation treatment in colonies is essential.

Suppose that an organization had existed during the last fifty years sufficiently powerful to provide Great Britain, Germany, France, Japan, and Russia with trustworthy

[1] It is by no means demonstrated, of course, that free trade (to which Cobden referred as "the best human means for ensuring real and enduring peace") would actually do all that has been claimed for it. At the same time, it would certainly lead to an enormous reduction of the rivalry and friction from which war grows, if applied to colonies. From two sources so widely removed from one another as Lord Cromer and the Fabian Society, I take the following opinions:

"No experience has, therefore, as yet been acquired, which would enable a matured judgment to be formed as to the extent to which Free Trade may be regarded as a preventive to war. . . . All that has been proved is that numerous wars have taken place during a period of history when Protection was the rule and Free Trade the exception; though the *post hoc ergo propter hoc* fallacy would, of course, be involved, if on that account it were inferred that the protection of national industries has necessarily been the chief cause of war. . . .

"Whereas exclusive trade tends to exacerbate international relations, Free Trade, by mutually enlisting a number of influential material interests in the cause of peace, tends to ameliorate those relations, and thus, *pro tanto,* to diminish the probability of war."—E. B. Cromer: "Free Trade in Relation to Peace and War," *The Nineteenth Century and After:* 68:384-87, S., '10.

With especial reference to colonial questions, Mr. L. S. Woolf sums this attitude up succinctly: "With free access to the flags of all nations, with complete liberty of commerce, with no concessions of commercial monopolies and privileges, we should hear less of Far Eastern Questions, of the partition of China of Persia and Bagdad and Morocco." L. S. Woolf, *International Government,* p. 28.

guarantee of a steady supply of the raw materials that their industries required, of sufficient food for their populations, and of access, with free competition, to the markets of all colonies, with sea lanes and land routes permanently open, unhampered by diplomatic or political interference, or force of any kind.

Even such a guarantee might not have eliminated some points of international friction. There is no reason to doubt that the successful exploits of the German in "dumping" would have led to resentment. But all over the world there would have been a lessening in tension in the international situation because of the absence of the fear and suspicion produced by years of colonial rivalry and reinforced by incident after incident, year after year, until the nations were ready for war upon trifling provocation because of rivalries whose economic origin the popular mind had all but forgotten.

Given guarantees of raw materials, food supplies, and open markets, the world might have been spared the whole sorry business in the Far East. The policy of the open door would have obtained, and neither Russia nor Japan would have needed hegemony in the military or naval sphere in order that her merchants might carry on trade. In the Near East, with the security of the trade routes and sea lanes already guaranteed, the fear of the British for India would have disappeared, and with it a century of struggle. The suspicions of the other nations would have decreased; and at least the political results of their economic rivalry in Asia Minor would have ceased. The contest for the market which followed would have been merely a struggle between business men, without diplomatic interference, of the sort that goes on within all states among native merchants.

Guarantees of trade routes would have done away with

half the danger of the Bagdad Railway, from either military or economic reasons, and the projected road might have become a business enterprise of great value to all the nations.

In the Balkans, guarantees of access to the sea would have reduced friction and altered the situation entirely. The friction in Persia and Morocco would have disappeared, as would also the scramble for naval bases, for the protection of sea-borne commerce would no longer devolve upon the various states, since the security of the sea lanes would be certain.

It must be remembered that in international politics the starkly economic motive is likely to be glossed over with finer-sounding phrases. A large proportion of the international crises, therefore, in which the "national honor has been affronted, or the "legitimate aspirations" thwarted, are at bottom economic, and the conflicts which result are really disguised economic rivalries. Most of the wars and threats of war which arise ostensibly as the results of causes other than the economic, are actually of such origin that they vanish once economic security is permanently won.

The interdependence of the nations of the world has become a commonplace; but obvious as this fact is, its equally important corollary is likely to escape attention. Unless guarantees can be provided for every nation, that nothing save its own ill-doing will interfere with the free flow of supplies upon which its very life depends, the states will continue to plot to provide this security for themselves, and the rivalry thus engendered over the portions of the earth unoccupied by civilized peoples will lead always to arbitration by artillery.

The narrow margin of failure of the German submarine

campaign against England indicates still more. It shows that even a powerful Empire (which has a partial economic independence of the rest of the world) is still far from complete security. For though it can withdraw with measurable success from dependence on the rest of the world, it must suffer as bitterly as any other if its enemies are able to interfere with its lines of transport.

Recent developments of aerial warfare teach that in the future such interference with railway communication will probably become as easy a matter, even in uninvaded country, as interference has hitherto been by sea. The bare degree of security that has existed by virtue of the might of individual nations is still further diminished, and the problem of providing a sufficient guarantee of economic security to all nations is further complicated.

The existing order of international interdependence without security means nervousness among statesmen, bitter economic hostility, out of which come distrust, fear, suspicion, the scramble for colonies, and spheres of influence, and the whole miserable business that breeds war. So long as nations are dependent one upon another and yet are not secure in that inevitable relation, war will continue.

It is clear that interdependence, even if it could be reduced, can never be done away with so far as such raw materials as minerals, lumber, wool, cotton, and the like, or so far as food supplies are concerned. The alternatives are: either to become reconciled to the continuance of wars, growing more and more destructive and wasteful as science advances; or else to provide an agency capable of offering security—at least such an approximation that the nations may reasonably yield it a fair degree of reliance.

The peace problem, as the destructiveness of war increases, is rapidly becoming something more than a mere question of ameliorating the lot of the race. It is a prob-

lem of racial survival. The wars of the last hundred years have been deadly, destructive, and wasteful enough; but the World War involved the whole race. There is prospect of the future application to warfare of still more efficient aircraft, of new chemical devices, and of the possibility of spreading disease among armies and civilian populations by means of bacteria. The continuance of wars and the continuance of the race are incompatible. Either we must find a way to stop killing each other, or there will speedily be none of us left to kill.

In other words, it is imperative that a mechanism of some kind be devised for assuring to every nation which is in any vital respect dependent on another or on colonies, that the freedom of import and export will never be denied it. Such a step would put an end to economic rivalry between states, and leave merely the legitimate competition of individual business men.

If there is to be a League of Nations, it must have an extended economic program and the force to assure that it will be respected. If we are not to have a political League of Nations, at least there must be a board of international economic control of some sort which will do away with the economic conflict of the sort that the last fifty years have seen. The world is now an economic unit with interests of which no part can be considered separately from any other; and all the logic of history and evolution points to a closer and closer interweaving of these interests. Economics long ago overstepped political frontiers.

The whole problem of economic rivalry and the wars that it produces is solved when security is assured to interdependent nations.

It is evident that none of the expedients hitherto attempted have in any sense solved this difficulty. Neither

the Concert of Europe nor the Balance of Power has availed to prevent war after war, in each of which the economic motive has appeared, caused by the inequitable conditions which lead the business man in the end to turn to the diplomat and the soldier for aid in carrying out his purposes. Only an international organization of some sort, a very powerful organization, can provide such security as has been indicated in the preceding paragraphs. One thinks naturally of the League of Nations, even though the Covenant which establishes it has not stressed greatly the economic problems that the future international relations will involve. The League is the only agency capable of a task so gigantic. If it is to exist at all, no other organization can attempt to render this service, for the coexistence of a power sufficient to guarantee economic security would menace the League itself.

The practicability of such an international economic union as is postulated in proposals for free access to all parts of the colonial world, for guarantee of food supplies, for raw materials, and open colonial market, has already been tested in practice on a scale almost as large as that proposed. Not all the nations of the world, it is true, were in the economic union of the Allies, but certainly fairly safe deductions can be made from a co-operation which involved Great Britain, the United States, France, Italy, Japan, and the smaller Allied Powers. When the United States entered the war, the economic system that had been begun by the Allies reached a culmination such as had never been dreamed of. Embracing two hemispheres and most of the nations of the globe, it was more powerful than any similar organization that had ever existed or been imagined. Food, war *matériel,* the raw materials of industry, transportation—all came under the control of this gigantic economic union.

The economic co-operation of the Allied Powers amounted to an inter-continental administration which held dominion over almost all the commerce of the world, drawing its supplies, not merely for military purposes, but for the supply of industry and the food of the civil population, from every quarter of the globe. Nothing like it had ever been seen before. Nothing quite like it had ever been imagined. But there it was, and during the last part of the war it did its work in a fashion that, while battles were still being fought, pointed the way to their prevention in the future.

The economic union which had such an enormous significance was a development of the first tentative efforts towards co-operation that began as soon as the magnitude and probable duration of the war were appreciated by the Allied Governments. The Food Control, the Inter-Allied Munitions Council, the Inter-Allied Maritime Transport Council, and finally, the Program Committees, were a gradual growth, and when the war finally closed they were at the very height of their efficiency. Had the war gone on a little longer a Raw Materials Council would undoubtedly have been added to the others to deal with the raw materials of chief importance not already administered by the Munitions Council, notably wool, cotton, hides, leather, tobacco, paper, timber, petroleum, flax, hemp, jute, coal and coke.

The economic organization of the Allies is important because it offers both precedent and model for the peace-time handling of the same problem. The Food Control took its final international shape in 1918, when the Council of Four was set up. This body included the four Food Controllers of principal importance, namely, those of the United States, Great Britain, France, and Italy. In 1917 a scientific commission had already been organized to find, if possible, methods of solving the food problems of the

Allies, and during the same year another body took over the control of meats and fats. The business of this organization was to administer the buying and distribution of meats, butter, cheese, oils and fats of all kinds, and canned goods. A wheat executive worked in America through two agencies.

The vexing problem of transport was handled by the Inter-Allied Maritime Transport Council, which was formed after the Paris Conference in 1917. In the very beginning, the French wished to make of this a paramount economic body. Through the nature of its work, it came in the end to make its influence felt through the whole organization of the Allies and to become almost supreme.

In charge of each of the twenty-one chief raw materials was a Program Committee, by which the varying claims of the Allies were adjudged and a division made of the common stock, so far as it would go. The list of commodities thus administered included: [1]

1. Cereals	Co-ordinated by the Food Control
2. Oils and seeds	
3. Sugar	
4. Meats and fats	
5. Nitrates	Co-ordinated by the Munitions Council
6. Aircraft	
7. Chemicals	
8. Explosives	
9. Non-ferrous metals	
10. Mechanical transport	
11. Steel	
12. Tin	
13. Wool	The use of these was to have been co-ordinated by a Raw Materials Council
14. Cotton	
15. Hides and leather	
16. Tobacco	
17. Paper	
18. Timber	
19. Petroleum	
20. Flax, hemp, and jute	
21. Coal and coke	

[1] J. L. Garvin: *Economic Foundations of Peace,* ch. iv.

Because a Raw Materials Council was never formally organized, it must not be inferred that the handling of the problem of the international distribution of these commodities was not in all respects the same as in the case of others. Many raw materials were already being administered by the Munitions Council, especially metals and ores; and the military authorities of the various nations, of course, had a great deal to say with regard to the distribution of wool, hemp, flax, hides, and tanning materials, which were of direct concern to the armies in the field.

Inadequate as such an outline of the prodigious task of administering the economic affairs of most of the world during the most trying period of its history must be, it is none the less sufficient to indicate the nature of international economic co-operation in time of peace. The two difficulties of food supply and raw materials, which are most pressing in peace, were adjusted with a minimum of friction amid the pressing claims of many nations in time of war. The adjustment was made by the Program Committees as a result of economic study of the previous consumption of each country, of its needs, and of its own capacity for producing the particular commodity in question.

This task, difficult alike because of its greatness and the delicacy of the questions involved, was successfully accomplished with administrative machinery which had to be improvised under the trying conditions of war-time. A more completely organized economic union in the future, armed with like plenary powers and fuller opportunities for investigation, should be able, in case of need, to adjudicate fully and justly the conflicting claims to raw materials and to food supplies of various countries.

But it is not likely that so complicated a machinery will

be required. Freedom of access to all countries in the Far East, the Near East, and in Africa, with adequate guarantees of security against being isolated from these markets and sources of supply by interference with transport, will leave these matters very largely to the adjustment of ordinary business competition. Under these conditions international economic rivalry need no more lead to hostilities than ordinary competition within a state leads to war among its citizens.

During the World War there was in operation on a practical basis, a League of Nations with economic as well as political functions. Military, naval, and economic power alike were wielded by the League of the Allies; but it was only because of the economic organization that the success of the military and naval power was possible.

The League as at present constituted does not make complete provision for even an approach to such an economic program, but it does take the necessary first step toward such a policy. "Free trade spheres" or "spheres of equal opportunity" have not been created in the colonial storm centres, nor has the principle of the open door in China been specifically reasserted—measures which if taken would serve at once to reassure all the industrial nations, large or small, that are haunted with the perpetual fear of finding the world closed against them. The freedom of the seas has not been won, nor have merchant vessels been placed on the same footing of immunity from seizure as private property on land.

The protest against this state of affairs, coming largely from German sources, has been regarded with natural distrust. Yet the protests made by the Germans have an element of truth in them; and they express what many of the smaller nations think and keep to themselves. A para-

graph from Matthias Erzberger's book, *The League of Nations,* is typical of this group of complaints: [1]

"The sovereignty of one Power or group of Powers over the great trade routes of the ocean cannot be reconciled with the equal privileges of all nations. . . . If violence is to be banished from international life, one nation alone must not possess the means of enforcing its will, as represented by the possession of all the straits and coaling stations, and their protection by means of warships. The seas must be free. They should belong to all the nations in equal measure."

In another passage the author returns to the same theme:[2]

"So long as the sea-power of one nation exceeds the sea-power of every other nation, so long as one nation holds in her hands all the important straits and sea routes, so long as one nation possesses practically all the coaling stations on the great trade routes, so long will there exist a menace to all other nations. Even if the menace is not operative in time of peace, it is, merely by the fact of the existence of the military resources from which it arises, *a latent political power* which is contrary to the sense of international equality of rights at sea, arouses distrust, and poisons the political atmosphere."

The tone of these complaints is perfectly familiar; and the important thing about them is that very familiarity. These are exactly the same things that the Germans said before the war. The menace to sea routes and therefore to industry brought about the building of the German fleet and was one of the important underlying causes of the World War. Herr Erzberger's book, however, has appeared since peace was made, a circumstance which is a reminder that nothing has been done to remove this danger to the

[1] Matthias Erzberger: *The League of Nations,* p. 161. I have omitted italics in some places.

[2] *Ibid.,* p. 216.

peace of the world. Untaught by the evils from which we have but now emerged, we are going blindly onward in the old path. A complete guarantee by the League of all trade routes, both by land and sea, joined with immediate access to colonial markets and raw materials, would certainly go a long way toward assuring permanent peace.

The extent to which the League of Nations does make provision for economic readjustment with a view to the reduction of hostility is very slight, even though it offers hope for future development. Among the six bodies which carry on its business, there is none that is specifically economic in its functions. With the possible exception of Mandataries and the Mandatary Commission, none of these six bodies, the Executive Council, the Body of Delegates, the Military and Naval Commission, the Bureau of Labor, the Mandatary Commission, and the Permanent Secretariat have any power whatever to deal with the most important group of international questions.

In the Covenant of the League only three articles even touch economic questions. These are:

ARTICLE XVI

"Should any of the High Contracting Parties break or disregard its covenants under Article XII, it shall thereby, *ipso facto,* be deemed to have committed an act of war against all the other members of the League, which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking state, and the prevention of all financial, commercial, or personal intercourse between the nationals of the covenant-breaking state and the nationals of any other state, whether a member of the League or not. . . .

"The High Contracting Parties agree further that they will mutually support one another in the financial and economic

measures which may be taken under this article, in order to minimize the loss and inconvenience resulting from the above measures, and that they will mutually support one another in resisting any special measures aimed at one of their number by a covenant-breaking state and that they will afford passage through their territory to the forces of any of the High Contracting Parties who are co-operating to protect the covenants of the League."

ARTICLE XIX

". . . Other peoples, especially those of Central Africa, are at such a state that the mandatory . . . will also secure equal opportunities for the trade and commerce of the other members of the League."

ARTICLE XXI

"The High Contracting Parties agree that provision shall be made through the instrumentality of the League to secure and maintain freedom of transit and equitable treatment for the commerce of all states members of the League, having in mind among other things, special arrangements with regard to the necessities of the region devastated during the war of 1914-18."

This is the extent of the specific provision for the adjustment of economic difficulties, which we have seen to be the most prolific cause of wars. The Covenant recognizes the power of economic and financial pressure against a refractory state. Articles XIX and XXI contain at least a recognition of the need for free access to colonies for all powers, and of the importance of the freedom of trade routes. But the League fails to secure these essentials. The problem of security remains unsolved. As it stands at present, the League is only a beginning, perhaps all that could be expected at the present time.

Even if the League succeeds in solving the vexed problems of raw materials, food, markets, and trade routes, there will remain the difficulty of finding room for the

surplus populations of states which are unwilling to see their citizens domiciled under foreign flags. For this the only solution is further colonial readjustment, without affecting international freedom of approach to markets in colonies, but so altering the boundaries that there may be room in the world for all the nationalities to maintain their coherence.

Whether it endures or whether it ends in failure, the present League is at least an attempt at the solution of the problems. At least it offers ground for hope that a way may yet be found for relief of the economic friction that has caused so much warfare in the past, through the recognition of the need of all the nations of the world for security in their inevitable economic interdependence.

BIBLIOGRAPHY

General Reference Histories
Wars from 1878 to 1918
Causes of War
League of Nations
General

BIBLIOGRAPHY

(NOTE: The volumes listed here include most of the authorities consulted. A few statistical reference books have been omitted, and contemporary articles from various journals have been listed only when of especial importance. References to others are invariably given in foot-notes.)

GENERAL REFERENCE HISTORIES

Cambridge Modern History, Vol. XII: *The Latest Age,* Cambridge University Press, 1917.—An authoritative work but with a marked British bias.

HAZEN, CHARLES DOWNER: *Europe Since 1815,* New York, Henry Holt & Co., 1910.—Useful but rather fragmentary.

HAZEN, CHARLES DOWNER: *Modern European History,* New York, Henry Holt & Co., 1917.—Elementary in its style but affording a good general survey of the history of the period.

HOLT, LUCIUS HUDSON, AND CHILTON, ALEXANDER WHEELER: *History of Europe from 1862 to 1914,* New York, Macmillan, 1917.—A concise and accurate history. A study of political sequences, with excellent military studies by Captain Chilton, the junior author.

ROSE, J. HOLLAND: *The Development of the European Nations, 1870-1914,* New York and London, Putnams, 1916. A general study of European history during approximately the period covered by the present volume.

WARS FROM 1878 TO 1918

AFGHAN WAR

ADYE, SIR J. M.: *Indian Frontier Policy,* London, Smith, Elder & Co., 1897.—A discussion of the Afghan question from the point of view of an English colonial official.

Causes of the Afghan War, Being a Selection of the Papers Laid Before Parliament, London, 1879. The editor is not named.

DACOSTA, JOHN: *A Scientific Frontier,* London and Calcutta, W. H. Allen, 1891.—This work is violently condemnatory of British policy.

FORBES, ARCHIBALD: *The Afghan Wars, 1839-1842 and 1878-1880,* New York, Scribners, 1892.—Contains a keenly critical study of the causes of the war by a correspondent who has probably seen more fighting than any other European.

Second Afghan War, Account by the British Army Intelligence Service, London, Murray, 1908.

ZULU WAR

COLENSO, FRANCES ELLEN: *History of the Zulu War and Its Origin,* London, Chapman Hall, 1880.—An account by the daughter of Bishop Colenso, the distinguished Biblical critic. A defense of the natives.

GIBSON, J. Y.: *The Story of the Zulus,* New York, Longmans, 1911. An impartial statement of facts.

JOHNSTON, SIR HARRY: *Britain Across the Seas: Africa,* London, National Society's Depository, 1910.—Imperialistic.

NORRIS-NEWMAN, CHARLES L.: *In Zululand with the British Throughout the War of 1879,* London, W. H. Allen, 1880.—A contemporary account.

WILMOT, A.: *History of the Zulu War,* London, Richardson & Best, 1880.—British colonial point of view.

THE NITRATE WAR

ANON.: *Difficulty Between Chile on the One Hand and Peru and Bolivia on the Other,* n.d.—A pamphlet issued as Chilean propaganda in English.

ANON.: *Guerre entre Le Chili, Le Perou, et La Bolivia,* Paris Imprimerie Nouvelle, 1879.—A contemporary collection of Chilean documents and comments favorable to Chile from the European press.

ANON.: "The Tacna-Arica Controversy," *The Covenant, a Quarterly Journal of the League of Nations:* i: 426-429: Apr., '20.—A non-partisan summary of the origin and present status of the dispute.

ALZAMARA, I.: *Peru and Chile,* n.d.—A reprint from *La Reforma Social.*—Comment on the renewal of the dispute during 1918, by a former Vice-President of Peru.

ARANO, DIEGO BARROS: *Histoire de la Guerre de la Pacifique,* Paris, Librairie Militaire de J. Dumaine, 1881.—Primarily a military study, but, like most military histories, contains a succinct chapter on war causes.

ARTHUR, CHESTER A.: *Message from the President of the United States, Transmitting Papers Relating to the War in South America and Attempts to Bring About a Peace,* Washington, Government Printing Office, 1882.—Contains numerous documents extremely ill-arranged.

BOYD, R. NELSON: *Chili: Sketches of Chili and the Chilians During the War,* London, W. H. Allen & Co., 1881.—A clear but not very comprehensive chapter on the dispute over the nitrate lands. The date of the declaration of war is erroneously given.

LE LÉON, M.: *Souvenirs à L'Armée Chilienne,* Paris, Librairie Militaire, L. Baudoin et Cie., 1883.—A study by a French naval officer.

MANTUA, V. M., AND PEZET, F. A.: *The Question of the Pacific,* Philadelphia, Press of Geo. F. Lasher, 1901.—A Peruvian statement, containing an excellent map.

OFFICIAL: *Diplomatic Debate of 1918,* Valparaiso, South Pacific Mail, 1918.—Documents of the foreign offices.

OCCUPATION OF EGYPT

ARMINJON, PIERRE: *La Situation Économique et Financière de L'Egypte, Le Soudan Egyptien,* Paris, E. Pichon, 1911. A French statistical study.

BOURGEOIS, ROGER: *La Crise Égyptienne, Thèse,* Paris, A. Rousseau, 1913.—A similar piece of work.

CROMER, EVELYN BARING, FIRST EARL OF: *Modern Egypt,* New York, Macmillan, 1916.—Authoritative first-hand account. Naturally imperialist.

EID, ALFRED: *La Fortune Immobilière de L'Égypte et sa Dette Hypothecaire,* Paris, F. Alcan, 1907.—A careful study.

GAVILLOT, J. C. ARISTIDE: *L'Angleterre Ruine L'Égypte,* Paris, J. André et Cie., 1895.—Unnecessarily Anglophobe.

HAEKAL, MOHAMED HUSEIN: *La Dette Publique Égyptienne,* Thèse, Paris, A. Rousseau, 1912.—A condensed view of Egyptian finances.

MILNER, ALFRED: *England in Egypt,* New York, Macmillan, 1912.—Interesting expression of English opinion.

NOAILLES, A. M. R. A., VICOMTE DE: *Les Anglais en Égypte,* Paris, 1898.—Significant because of source and date.

WORSFORD, W. BASIL: *The Future of Egypt,* Collins' Clear Type Press, n.d.—Concise statement of the British attitude today.

ABYSSINIAN WARS

BALDISSERA, ANTONIO: *Rapport sur les Operations Militaires de la Campaigne D'Afrique,* Paris, H. Charles-Lavauselle, 1898. —First-hand account by an Italian official.

BERKELEY, GEORGE FITZ-H.: *The Campaign of Adowa,* Westminster, A. Constable & Co., 1902—A general study.

CASTONNET DES FOSSES, HENRI: *L'Abyssinie et les Italiens,* Paris, P. Tequi, 1897.—A brief summary of colonial policy.

PELLENC, CAPT. A. J. J. A.: *Les Italiens en Afrique,* Paris, L. Baudoin, 1897.—A French military study.

CHINO-JAPANESE WAR

ARIGA, NAGAO: *La Guerre Sino-Japonaise au Point de Vue du Droit International,* Paris, A. Pedone, 1896.—A study by a Japanese university professor.

BUJAC, EMILE: *La Guerre Sino-Japonaise,* Paris, Henri-Charles Lavauselle, 1904.—French military criticisms.

BURLEIGH, BENNETT: *The Empire of the East,* London Chapman and Hall, 1905.—A popular account by a famous British war correspondent.

SAUVAGE, LIEUTENANT: *La Guerre Sino-Japonaise,* Paris Libraire Militaire de L. Baudoin, 1897.—Intended for military use but excellent on the causes of the war.

"VLADIMIR" (PSEUD.): *The Chino-Japanese War,* New York, Scribners, 1896.—Valuable study of the causes; the choice of a Russian pseudonym is prophetic.

BOXER REBELLION

BLAND, J. P. O.: *China Under the Empress Dowager,* Philadelphia, J. B. Lippincott, 1910.—General survey of the events preceding the war.

CHEMINON, JULES: *Les Événements Militaires en Chine,* Paris, P. R. Chapelot, 1902.—Survey of causes.

CLEMENT, PAUL H.: *The Boxer Rebellion, a Political and Diplomatic Review,* New York, Columbia University, 1915.—By far the best book on the subject. A careful study and analysis of the causes of the war and an evaluation of their relative importance.

HOLCOMBE, CHESTER: *The Real Chinese Question,* New York, Dodd, Mead & Co., 1900.—Investigation of Chinese conditions.

LANDOR, A. H. S.: *China and the Allies,* New York, Scribners, 1901.—Both sides of the question presented.

RUSSO-JAPANESE WAR

ASAKAWA, KANICHI: *The Russo-Japanese Conflict,* Boston, Houghton, Mifflin & Co., 1904.—Acute analyses of the economic motives on both sides, with thorough documentation and many statistics.

"CHAUSSEUR" (PSEUD.): *A Study of the Russo-Japanese War,* London, William Blackwood & Sons, 1915.—Survey of relations between the two powers.

China Yearbook, 1919-20, London, George Routledge & Son, New York, E. P. Dutton.—A useful reference book.

COWEN, THOMAS: *The Russo-Japanese War,* London, Edward Arnold, 1904.—Contains frequent expression of Marquis Ito's opinions not otherwise obtainable.

Japan Yearbook (Y. Takenob, ed.), Japan Yearbook Office, Tokyo, 1918.

Japan Yearbook, 1913-1914, Japan Gazette Co., Yokohama, 1914.—Both these contain much useful information.

KINAI, M.: *The Russo-Japanese War (Official Reports),* Tokyo, The Shimbashido, n. d.—An excellent Japanese account.

KUROPATKIN, GENERAL ALEXEI NIKOLAYEVITCH: *The Russian Army and the Japanese War,* Captain A. B. Lindsay, trans., New York, E. P. Dutton, 1909.

MCCORMICK, FREDERICK: *The Tragedy of Russia in Pacific Asia,* London, Grant Richards, 1909. Of value only as a study of Russian policy.

MCLAREN, W. W.: *A Political History of Japan During the Meiji Era, 1867-1912,* London, George Allen & Unwin, Ltd., New York, Scribners, 1916. First-hand information by an American economist familiar with the people and the country.

MILLERAND, THOMAS: *Democracy and the Eastern Question,* New York, The Century Company, 1919.—Examination of the Eastern question with special reference to the United States.

PINON, RENÉ: *La Lutte pour le Pacifique,* Paris, Perrin et Cie., 1916.—A study of the origins and results of the war apart from its incidents. Some attention to American problems in the Philippines.

PORTER, R. P.: *Japan, the Rise of a Modern Power,* Oxford, The Clarendon Press, 1918.—Economic analysis.

ROSS, COLONEL CHARLES: *An Outline of the Russo-Japanese War,* London, Macmillan, 1912.—Not very acute account of causes but a good working outline, as its name implies.

SHERRILL, CHARLES H.: *Have We a Far-Eastern Policy?* New York, Scribners, 1920. The author is an American diplomat.

GERMAN GENERAL STAFF: *Official Account of the Russo-Japanese War,* Lieutenant Karl von Donat, translator.—A voluminous work, but with an excellent account of the causes in fairly brief compass.

CUBAN INSURRECTION AND SPANISH-AMERICAN WAR

BUJAC, ÉMILE: *La Guerre Hispano-Américaine,* Paris, H. Charles-Lavauselle, 1899.—A European view of the conflict.

CALLAHAN, JAMES M.: *Cuba and Its International Relations,* Baltimore, Johns Hopkins University Press, 1899.—Interesting as a contemporary account.

CHADWICK, FRENCH E.: *Relations of the United States and Spain,* New York, Scribners, 1911.—Deals mainly with diplomacy.

DRAPER, ANDREW SLOAN: *Rescue of Cuba,* New York, Silver Burdett and Co., 1910.—A little economic information.

GOSSIP, G. H. D.: "The Mournful Case of Cuba," *Fortnightly Review:* 69: 832-843: May, '98. Much valuable data.

LATANÉ, J. H.: America as a World Power, New York, Harpers, 1907.—A general consideration of America's new rôle with some attention to Cuba.

LATANÉ, J. H.: *Diplomacy of the United States with Regard to Cuba,* American Historical Association, Annual Report, 1897, pp. 217-277.—Mainly diplomatic.

LODGE, HENRY CABOT: *The War with Spain,* New York, Harpers, 1899.—Interesting because of the author's position.

MATHESON, FRED J.: "The United States and Cuban Independence," *Fortnightly Review:* 69: 816-832: May, '98.

MORRISON, CHARLES: *The War with Spain,* Philadelphia, J. B. Lippincotts, 1899.—Contemporary but rather popular.

ROBINSON, ALBERT G.: *Cuba and the Intervention,* New York, Longmans, 1905.—Covers the whole period of the disturbance and investigates the economic causes completely.

TAYLOR, HANNIS: "A Review of the Cuban Question in its Economic, Political, and Diplomatic Aspects," *North American Review:* 165:610-612, N., '97.

GRECO-TURKISH WAR

BARTLETT, SIR ELLIS ASHMEAD: *The Battlefields of Thessaly,* London, John Murray, 1897.—The author has evident Turkish sympathies.

BIKELIOS, DEMETRIOS: *Le Rôle et les Aspirations de la Grece dans la Question d'Orient,* Paris, Au Cercle Saint-Simon, 1885.—The Greek account.

BICKFORD-SMITH, R. A. H.: *Greece Under King George,* London, R. Bentley & Son, 1893.—Incidental references to incidents preceding the war.

Ministere des Affaires Etrangères: Documents Diplomatiques, 1897.—Like most diplomatic interchanges, fails to make clear the concealed economic motive.

OIKONOMOPOULOS, ELIA: Ἱστορία τοῦ Ἑλληνοτούρκου πόλεμου Athens, 1918.—A lengthy Greek account of the war.

THE BOER WARS

CANA, FRANK R.: *South Africa from the Great Trek to the Union,* London, Chapman and Hall, 1909.—An English version characterized by great fairness to the Boers.

CAPPEN, JAMES: *Britain's Title to South Africa,* London, Macmillan, 1901.—British imperialistic bias.

CECIL, EVELYN, M. P.: *On the Eve of the War,* London, John Murray, 1900.—An English politician's ideas.

COOK, EDWARD T.: *The Rights and Wrongs of the Transvaal War,* London, Edwin Arnold, 1902.—Fair effort at giving both sides.

DOYLE, SIR ARTHUR CONAN: *The Great Boer War,* New York, McClure, Phillips, and Co., 1912.—Ardently imperialistic.

EYBERS, G. W.: *Select Constitutional Documents Illustrating South African History,* London, George Routledge & Sons, Ltd., New York, E. P. Dutton, 1918.—A good source book.

FISHER, W. E. GARRETT: *The Transvaal and the Boers,* London, Chapman and Hall, 1900.—General history.

HOBSON, J. A.: *The War in South Africa, Its Causes and Its Effects,* New York, Macmillan, 1900.—An economic interpretation by a distinguished British economist, who accuses international financiers of deliberately precipitating the war.

WILMOT, HON. A.: *Manual of South African History,* London, Kegan Paul, Trench, Trübner & Co., 1901.—Especially useful for the earlier parts of the history of the Boers.

MITCHELL, L.: *Life and Times of the Right Honorable Cecil John Rhodes,* New York, Kennerley, 1910.—A study of Rhodes' life is indispensable to understanding South African history.

HERERO RISING

CALVERT, ALBERT FREDERICK: *Southwest Africa During the German Occupation, 1884-1914,* London, T. W. Laurie, 1915.—Contains a brief statement of the facts.

LEUTWEIN, THEODOR: *Die Kämpfe mit Hendrik Witboi,* Leipzig, R. Voigtländer, 1912.—Colonel Leutwein's account of the first Hottentot rising, which preceded the Herero Rising.

SANDER, L.: *Geschichte der Deutsches Kolonial-Gesellschaft für Sudwest-Afrika,* Berlin, Dietrich Reimer, 1912.

Articles under "German Southwest Africa" in the *New International Encyclopedia* and the *Encyclopedia Britannica.*

ITALO-TURKISH WAR

BARCLAY, SIR THOMAS: *The Turco-Italian War,* London, Constable, 1912. Both causes of the war and the operations are discussed.

BRAUN, ETHEL: *What I Saw in Tripoli,* London, T. F. Unwin, 1914.—Study of the country, people, and resources.

FOERSTER, ROBERT F.: *Italian Emigration of Our Times,* Cambridge, Harvard University Press, 1919.—An exhaustive investigation of the Italian population question.

LAPWORTH, CHARLES: *Tripoli and Young Italy,* London, S. Swift & Co., 1912.—Examination of the relationship between Tripoli and Italy, the Italian need for the country, causes of the war, resources, etc.

MEHIER DE MATHIUISIEULX, HENRI: *La Tripolitaine d'Hier et de Demain,* Paris, Hachette et Cie., 1912.—A French view which is important because of the Franco-Italian colonial relations.

THE BALKAN WARS

BAUCABEILLE, B. P. L.: *La Guerre Turco-Balkanique,* Paris, Chapelot, 1914.—A fairly complete account.

BECKER, G.: *La Guerre Contemporaine dans les Balkans et la Question d'Orient,* Paris, Berger Levrault, 1899. Much valuable data on the causes of the wars.

CAMPBELL, CYRIL: *The Balkan War Drama,* New York, McBride & Co., 1913. Attention given to incidents rather than causes of the war.

CARNEGIE ENDOWMENT FOR PEACE: *Enquête dans les Balkans, Rapport,* Paris, G. Cres et Cie., 1914.—A study of causes.

DEVAS, GEORGES: *La Nouvelle Serbie,* Paris, Berger-Levrault, 1918. Special study of Serbian difficulties and progress.

FELLION, GEORGES: *Entre Slaves,* Paris, Société des Ecrivains, Français, 1894.—Useful for the Serbo-Bulgarian War.

FORBES, NEVILL: *The Balkans* (with A. Toynbee, D. Mitrany, D. G. Gogart), Oxford, Clarendon Press, 1915.—Dr. Forbes is a distinguished Slavic scholar, better able to understand the Balkans than those who do not speak their languages.

FOX, FRANK: *The Balkan Peril,* London, Black, 1915.—The European significance of the Balkan troubles.

LEFFAN, R. D. G.: *The Serbs, Guardians of the Gate,* Oxford, Clarendon Press, 1918.—A good handbook for Serbian history.

LOISEAU, CHARLES: *Le Balkan Slav et la Crise Autrichien,* Paris, Perrin et Cie., 1898.—A French criticism of Austrian policy.

MILLER, WILLIAM: *The Balkans,* New York, Putnams, 1911.—Description of the condition of the Balkan states before the outbreak of the wars of 1912-1913.

MOZET, ALFRED: *Le Monde Balkanique,* Paris, E. Flammarion, 1917. A good deal of discussion of the wars and their genesis.

RANKIN, COLONEL REGINALD: *Inner History of the Balkan War,* London, Constable & Co., 1914.—Investigation of the causes of the wars.

REGENSPURGSKY, COLONEL KARL: *La Guerre Serbo-Bulgare de 1885,* Lieutenant Barth, Translator, Paris, Berger-Levrault, 1897.—Expression of an Austrian army officer's views.

VON HUHN, MAJOR ARTHUR ERNST: *The Struggle of the Bulgars for Natural Independence under Prince Alexander,* London, John Murray, 1886.

THE WORLD WAR

AJAM, MAURICE: *Le Problème Économique Franco-Allemande,* Paris, Perrin et Cie., 1914.—Author's official position and intimate knowledge makes the book of value.

BANG, J. P.: *Hurrah and Hallelujah,* Jessie Bücher, translator, New York, George H. Doran Co., 1917.—A compilation of

German war utterances, giving an accurate view of one side, at least, of the national mind.

COMPILATION: *Modern Germany in Relation to the Great War,* New York, Kennerley, 1916.—Most of the contributors are university professors.

COMPILATION: *Out of Their Own Mouths,* New York and London, D. Appleton & Co., 1917.—German war utterances, some of which throw light on the attitude toward England.

CHÉRADAME, ANDRÉ: *Le Plan Pangermaniste Demasqué,* Paris, Plon-Nourrit et Cie., 1916.—Well-known French *exposé* of extreme Pan-German ambitions.

CHÉRADAME, ANDRÉ: *La Question d'Orient,* Paris, Plon-Nourrit, et Cie., 1915.—The attitude of all the Powers toward the Bagdad Railway.

DAVIS, WILLIAM STEARNS: *The Roots of the War,* New York, Century Company, 1918.—Concise and accurate volume by an American scholar.

ECKEL, EDWIN C.: *Coal, Iron, and War,* New York, Holt, 1920. —The most recent book on this important subject.

FRANK, GLENN, AND STODDARD, LOTHROP: *The Stakes of the War,* New York, Century Company, 1918.—A compilation of economic, historic, and political data, extremely well arranged.

GAY, E. F.: "French Iron and the War," *Military Historian and Economist:* 1:306-309: July, '16. A brief but illuminating summary based largely on German sources and the report of the Stockholm Geological Congress of 1910.

GUYOT, YVES: *The Causes and Consequences of the War,* F. Appleby Holt, translator, London, Hutchinson & Co., 1916. —Much attention to economics.

JASTROW, MORRIS: *The War and the Bagdad Railway,* Philadelphia, J. P. Lippincott, 1918.—Historical and geographical.

JEANS, W. T.: *The Creators of the Age of Steel,* New York, Scribners, 1884.—A chapter devoted to Sidney Gilchrist Thomas.

NAUMANN, FRIEDRICH: *Central Europe,* Christabel Meredith, translator, New York, Knopf, 1917.—A prominent German, member of the Reichstag, gives his opinions as to Germany's situation.

NYSTRÖM, ANTON: *Before, During, and After 1914,* H. G. de Walterstorff, translator, London, William Heinemann, 1915.—A chapter on overpopulation and its dangers.

PINON, RENÉ: *France et Allemagne,* 1870-1913, Paris, Perrin et Cie., 1906.—A useful documentation of the Moroccan crisis.

SCHMITT, BERNADOTTE EVERLY: *England and Germany, 1740-1914,* Princeton, University Press, London, Humphrey Milford, 1916. Valuable but rather pro-English.

SEELEY, J. R.: *The Expansion of England,* London, Macmillan, 1914. Explanation of British colonization.

SELIGMAN, E. R. A.: An Economic Interpretation of the War, New York, D. Appleton & Co., 1915.—Much valuable investigation of the economic causes of the World War.

VON BERNHARDI, GENERAL FRIEDRICH: *Germany and England,* New York, G. W. Dillingham, 1915.—Explanatory volume to *Germany and the Next War.* Indicates German fear of British trade.

CAUSES OF WAR

ANON.: *Historical Illustration of the Origin and Consequences of War,* London Peace Society Tracts, No. 10, 1838. Out of date but not without value.

CROSBY, OSCAR T.: *International War, Its Causes and Its Cure,* London, Macmillan, 1919.—The most exhaustive book on the subject. The author is a former army officer.

HALL, H. FIELDING: *Nature of War and Its Causes,* London, Hunt and Blackett, 1917.—A good general survey of the field.

HOWERTH, I. W.: "The Causes of War," *Scientific Monthly*: 2:118-124, F., '16. An interesting review of this phase of the subject.

OLIVER, F. S.: *Ordeal by Battle,* London, Macmillan, 1915.—Conventional "war book" but with a fair discussion of the general causes of wars.

LEAGUE OF NATIONS

BERRY, LIEUTENANT TREVOR T.: *The Hope of the World,* London, P. S. King & Son, 1919.—An accurate estimate of the significance of raw materials.

BUTLER, SIR GEOFFREY: *A Handbook to the League of Nations,* London, Longmans Green, 1919.—Conventional historico-legal discussion. Good outline of the machinery of the League and a convenient grouping of documents.

BRAILSFORD, HENRY NOEL: *A League of Nations,* New York, Macmillan, 1917.—Examination of the economic conditions which make a league necessary.

Covenant, The, A Quarterly Journal of the League of Nations, Nos. 1, 2, and 3. Discussion of problems affecting the League as they arise. Many maps and a full appreciation of economic conditions affecting the relations of states.

CROZIER, ALFRED OWEN: *League of Nations: Shall It Be an Alliance or a Nation of Nations?* New York, Le Couver Press Co., 1919.—Advocates "territorial surgery" and internationalization of important waterways.

CROZIER, ALFRED OWEN: *Nation of Nations—A Way to Peace.* Cincinnati, Stewart Kidd & Co., 1915.—Assertion of the practical value of the League.

DWIGHT, W. MORROW: *The Society of Free States,* New York, Harper, 1919. Like Mr. Garvin, the author reads a moral from the economic co-operation of the Allies in war-time.

ERZBERGER, MATTHIAS: *The League of Nations,* New York, Holt, 1919.—A clear expression of the German attitude. Especially to be examined because of its economic complaints.

GARVIN, J. L.: *The Economic Foundations of Peace,* London, Macmillan, 1919.—Insists on economic justice as the only ground of permanent peace. Rather incoherently written as a whole, but of the greatest value.

HAMILTON, GENERAL SIR IAN: *The Millennium,* London, Edward Arnold, 1919.—"I have arrived at a grand junction where on the one hand I see reflected into the sky Old Glory floating side by side with our own Imperial Standard; and on the other, darkness—darkness."

HOBSON, J. A.: *Towards International Government,* New York, Macmillan, 1915.—An economist's view.

La Fontaine, Henri: *The Great Solution, Magnissima Charta,* Boston, World Peace Foundation, 1916.—A political rather than economic study of the League.

Lawrence, T. J.: *The Society of Nations, Its Past, Present, and Possible Future,* New York, Oxford University Press, 1919. —Historical and legal.

Milhaud, Edgard: *La Société des Nations,* Paris, Bernard Grasset, 1917.—One chapter on the economic sanction.

Minor, Raleigh C.: *A Republic of Nations,* New York, Oxford University Press, 1918.—A review of current opinion.

Official Journal, Nos. 1, 2, and 3.—Documents of the League of Nations.

Paish, George: *A Permanent League of Nations,* London, T. Fisher Unwin, 1918.—Discussion of the importance of economic interdependence and international trade as affecting war and peace.

Sayre, Francis Bowes: *Experiments in International Administration,* New York, Harpers, 1919.—Chiefly historical.

Smuts, Lieutenant General the Rt. Hon. Jan C.: *The League of Nations, a Practical Suggestion,* New York, Nation Press, 1919.—A careful and able discussion of economic and financial aspects is included.

Stallybrass, W. T. S.: *A Society of States,* New York, E. P. Dutton, 1919.—Economic conditions wholly neglected.

Wells, H. G.: *Idea of a League of Nations,* Boston, Atlantic Monthly Press, 1919.—A group of eminent collaborators have assisted the author; they deduce the necessity of the League from the nature of our civilization.

Woolf, Leonard S. (editor): *Framework of a Lasting Peace,* London, Allen and Unwin, 1917.—Contains the Hague Minimum Programme, the Fabian Society's Draft Treaty, and other proposals.

GENERAL

Alfassa, Maurice: *L'Après Guerre,* Paris, Belin Frères, 1918.—Economic effects of the war.

Angell, Norman (Pseud.): *Foundations of International Polity,* London, William Heinemann, 1914.—War held to be unprofitable.

ANGELL, NORMAN (PSEUD.): *The Great Illusion,* New York, Putnams, 1910.—Development of the author's well-known pacifism and theory of the economic prevention of war.

BARKER, J. ELLIS: Economic Statesmanship, London, John Murray, 1918.—Study mainly of after-war problems.

BROWN, PHILIP M.: *International Realities,* New York, Scribners, 1917.—Advocates a gentler sort of *Realpolitik.*

BOURNE, RANDOLPH S.: *Towards an Enduring Peace,* American Association for International Conciliation, 1916.—A valuable symposium.

BRAILSFORD, HENRY NOEL: *The War of Steel and Gold, A Study of the Armed Peace,* New York, Macmillan, 1915.—Dispassionate investigation of the effects of economics and finance on international relations.

CHESTER, REAR-ADMIRAL COLBY C.: "Present Status of the Monroe Doctrine," *Annals of the American Academy of Political and Social Science,* July, 1914.

CLARK, J. MAURICE, HAMILTON, WALTER H., AND MOULTON, HAROLD G.: *Readings in the Economics of War,* Chicago, University of Chicago Press, 1918.—A collection of most suggestive material, mainly journalistic.

DAWSON, W. H.: *Evolution of Modern Germany,* New York, Scribners, 1914.—An excellent study of German development.

DICKINSON, G. LOWES: *The Choice Before Us,* New York, Dodd, Mead & Co., 1917.—Causation of wars and prevention of future wars.

DILLON, E. J.: *The Inside Story of the Peace Conference,* New York, Harpers, 1920.—Vivid picture of the Conference, with discussion of economic interests among others, by an eminent authority.

DRAGE, GEOFFREY: *Austria-Hungary,* London, John Murray, 1909.—Much information on economic relations.

FARIES, JOHN CUTHBERT: *The Rise of Internationalism,* New York, W. D. Gray, 1915.—The Appendix contains a collection of material not accessible elsewhere.

FULLERTON, WILLIAM M.: *Problems of Power,* New York, Scribners, 1913.—Published immediately before the war.

Contains a full discussion of the world situation, as it existed then.

GIBBONS, HERBERT ADAMS: *The New Map of Europe,* Century Company, 1914.

GIBBONS, HERBERT ADAMS: *The New Map of Africa,* Century Company, 1916.

GIBBONS, HERBERT ADAMS: *The New Map of Asia,* Century Company, 1920.—A series of anti-imperialistic researches into the imperialism of all nations.

HASKINS, CHARLES HOMER, AND LORD, ROBERT HOWARD: *Some Problems of the Peace Conference,* Harvard University Press, 1920. First-hand information by two eminent authorities.

HASSALL, ARTHUR: *History of British Foreign Policy from the Earliest Times to 1912,* Edinburgh and London, W. Blackwood & Son, 1912.—Covers the field thoroughly.

HIRST, F. W.: *The Political Economy of War,* London, J. M. Dent, 1916.—The only existing text-book. It neglects, however, the economic causes.

HUTTON, J. ARTHUR: *The Cotton Crisis,* Manchester, British Cotton-Growing Association, 1904.—Exposition of the British difficulties with regard to cotton.

KEYNES, JOHN MAYNARD: *The Economic Consequences of the Peace,* New York, Harcourt, Brace & Howe, 1920.—Insistence upon economic justice as a basis of peace.

LATANÉ, J. H.: *From Isolation to Leadership,* Garden City, Doubleday Page & Co., 1918.—Study of the evolution of the international status of America.

LAWSON, W. R.: *Modern War and War Taxes,* Edinburgh and London, W. Blackwood & Sons, 1912.—Refutation of Mr. Norman Angell's theories.

LAMBRINO, GEORGES: *Finance de Guerre,* Paris, Sirey, 1913.—The relationship between finance and war.

LIPPMAN, WALTER: *The Stakes of Diplomacy,* New York, Holt, 1915.—An admirable statement of the need of economic expansion and its relation to war.

MUIR, RAMSAY: *The Expansion of Europe,* Boston, Houghton Mifflin & Co., 1917.—Traces the motives and effects of imperialism.

ROBINSON, E. V. D.: "War and Economics," *Political Science Quarterly:* 15:581-629: D., '00. Deals mainly with ancient wars. Highly suggestive. Good bibliography.

SELIGMAN, E. R. A.: *The Economic Interpretation of History,* New York, Columbia University Press, 1903. Carries further the notions of Karl Marx.

VEBLEN, THORSTEIN B.: *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation,* London and New York, Macmillan, 1917.—Theories of a well-known American writer.

INDEX

INDEX

A

d'Abruzzi, Duc, 131
Abyssinian Wars, 46, 48, 49, 78–80
Access to sea, 172, 173
Achard, Franz Carl, 117
Aden, 34
Adowah, Battle of, 80
Adrianople, 138
Adriatic, 137
Aerial warfare, 220
Afghanistan
  frontier, 99
  invasions, 35, 46, 48, 50–56
Africa
  Central, 191, 229
  development of, 210
  France in, 204, 185
  freedom of access, 226
  Germany in, 204
  opening of, 43, 44, 79
  slave trade, 198
  South, 185
  Stanley, Henry M., in, 43, 44
African Review, 113
Afrikanders, see Boers
Agadir incident, 12, 142, 149, 156, 157, 191, 192, 193
Agordat, Battle of, 79
Agriculture, 11, 199
Agronomy, 199
Ajam, Maurice, quoted, 19-n
Albania, 133, 137, 170
Alcohol, international congress on, 199
Aleppo, 162
Alexander the Great, 165
Alexander, Prince of Bulgaria, 77
Alexandria, massacre at, 72
Algeciras Conference, 157
Algiers, 155
Ali, Mohammed, 65
Ali, Shere, 53
Allenby, General, 3
Alliance, see Triple Alliance
Allies, economic union of, 222
Alsace-Lorraine, 9, 44, 150, 204
America, see United States
America, South, British investments in, 184
American cotton, 23, 212–214
Amsterdam, port of, 158
Amir of Afghanistan, 51, 53, 54
Amur, 92, 99
Ancestor-worship, 93, 95
Ancon, Treaty of, 58, 63, 64
Andes boundary question, 62
Angell, Norman, quoted, 177
Anglo-French *Entente,* 75
Anglo-German trade rivalry, 142, 144–150, 166, 210
Anglo-Japanese Alliance, 100
Anglo-Russian Agreement, 35, 39, 56, 139
Angora, 161, 169
Annam, French in, 46, 48, 49, 81, 82, 139
Antafagasta, 61, 64
Anti-imperialist tradition, American, 27
Antimony, 154
Antwerp, port of, 158
Armenia
  religion in, 4
  riots in, 46
Arabian Ocean, 33
Arabi Pasha, 71, 72
Archangel, port of, 39, 97
Argentina
  Chilean relations with, 62
  French investments in, 185
  revolts in, 46
Arica, 59, 64
Armada, Spanish, 190
Army, Afghan, 52
Art, international conference on, 199
Asakawa, K., quoted, 26
Ashantee War, 46
Asia
  British investments in, 184
  Central, 160
Asia Minor
  economic penetration, 164
  economic unity, 163
  railways, 216
  Russian railway rights, 162
  strategic value, 164, 165
  Turkish military reservoir, 169
Assan, Japanese victory at, 86

Assouan dam, 67
Assyria, 6, 165
Atacama, Desert of, 57, 59, 60, 61
Attaché, commercial, 208
Australia, British investments in, 184
Austria-Hungary
  Bagdad Railway, 170
  Balkan policy, 134, 135, 137, 172
  Berlin, Treaty of, 41
  Bulgarian trade, 174
  Capitulations, 68 and n.
  economic ambitions, 143, 144, 170–175
  economic situation, internal, 171
  Egyptian Debt, 68
  financial relations with Great Britain, 188
  French investments in, 184
  Hapsburg dynasty, 3
  markets, 78, 135, 138, 172
  Mittel-Europa, 158
  Rumanian trade, 174
  Serbo-Bulgarian War, 78
  Turkish trade, 174
  Wars of 1864 and 1866, 8
  War with Serbia, 186
Austrian Succession, War of the, 2
Automobiles, French export of, 24

B

Babylonia, 6, 165
Bacteria in war, 221
Bagdad Railway, 135, 158, 160, 161–170, 174, 218, 219
Bahrein Islands, 35
Baku, oil wells at, 56
Balance of Power, 29, 198, 222
Balkans, the
  Austrian ambitions in, 172
  French loans in, 139
  friction in, 219
  German aggressions in, 211
  Italian ambitions in, 175
  Russian influence in, 41
Balkan Wars (1912–1913), 46, 48, 132–139, 142, 174
Ballin, Albert, 147
Baltic Sea, 160
Baluchistan, 35
Banca di Roma, 131
Bankers in war, 177, 178
Bank of Russia, 180
Bank of Tokio, 180
Barley, 21, 26
Barnato, 113
Bartlett, Sir E. A., quoted, 126
Bases, see Naval bases
Baskets, Bavarian, 149
Bassona, 166
Bassorah, 162
Battleships, damages to, 33
Bavarian industries, 149
Beaconsfield, Lord, see Disraeli
Beaconsfield-Salisbury Cabinet, 53
Beans, 26, 224
Beets, see Sugar
Beilul, occupation of, 79
Beirut-Damascus line, 168
Belgium
  Balkan trade, 173
  Capitulations, 68
  defense of neutrality, 6
  French investments in, 185
  invasion of, 141, 142
  iron imports, 151
  population density, 18-n.
Belgrade, 1
Bergasi, 131
Berlin Bourse, 186
Berlin, Congress of, 32, 38, 39, 41, 43, 54, 77, 198
Berlin, Treaty of, 42, 45, 142
von Bernhardi, General, quoted, 144-n.
Bengal, Gulf of, 33, 35
Bessemer, Sir Henry, 44
Bessemer process, 152
Bhutan, 35, 36
Bismarck, 2, 8, 8-n., 41, 42, 129
Black Sea, 39
Blockade, 22
Boer War, 46, 48, 49, 106–116, 139, 149, 179
Bolivia, 49, 57, 59, 60, 61, 62, 63
Bombay, 165
Bondelzwart natives, 126
Bosnia-Herzegovina, 41, 142
Bosphorus, 40, 41
Boxer Rebellion, 46, 48, 90–96, 100, 139, 210
Boycott
  Chinese, 193
  Franco-German, 156, 157
Brazil, French investments in, 185
Bremen, port of, 147
Breslau, 117
Brewing companies, American, 209
Briey, iron district, 151–152
British Empire, see Great Britain
Bulawayo *Chronicle*, 113
Bulgaria
  Balkan Wars, 133, 134, 136, 139
  Battle of Slivnitza, 173
  debt to France, 193
  establishment of, 40
  freedom, 7

Bulgaria (continued)
religion in, 4
revolution in, 46
Burgulu, 162
Byzantium, see Constantinople

C

Caisse de la Dette, 68
Campbell-Bannerman, Sir Hugh, quoted, 148
Canada
British investments in, 184
French investments in, 185
population density, 18
Canal Zone, Panama, 28-n.
Cane, see Sugar
Cane, Bavarian, 149
Cape Argus, 113
Cape Colony, 114
Capital, German shortage of, 191
Capitalists, in South Africa, 107, 112, 113
Capitulations, 68, 68-n
Caribbean, 27-n
Carthage, 14
Casablanca incident, 8, 142, 157
Cassala, Battle of, 79
Caste, military and naval, 9, 10
Catalonia, 119
Cattle, international conference on, 199
Caucasus, 160
Causes of war, listed, 2
Cave Report, 69
Ceramics, international conference on, 199
Cereals, 24, 224
Cetewayo, 57
Ceylon, 32, 35
Cheese, 224
Chelmsford, Lord, 57
Chemicals, 224
Chemistry, in war, 221
Chester, Admiral, quoted, 27-n
Chile
declaration of war, 58, 62
economic aims, 57, 63
explorations for guano, 60
nitrate, 59, 61-64
revolution in, 46
China
development of, 210
early civilization, 197
financial pressure on Japan, 193
foreign demands in, 90–94
French investments in, 185
German aggressions, 211
China (continued)
Japanese War, 46, 48, 49, 83–90
Korean claims, 49
open door in, 226
partition of, 96, 97, 209, 217-n
Russian loan, 91
seizure of territory, 89
share in Korean trade, 103, 104
Thibet, suzerainty in, 35
Chincha Islands, 58
Chinese Empire, 93
Chosen, see Korea
Christianity, in war, 4
Churchill, Winston Spencer, quoted, 31
Civil War, American, 5, 203, 208, 213
Clements, Paul H., quoted, 95
Cleveland, President, 29-n
Coal, 21, 224
Cobden, quoted, 217
Cobija, 59
Coke, 224
Cologne, 168
Colonies
agronomy in, 199
causes of war, 3, 7, 11, 12, 50, 56
classic, 14
defense of, 28, 30, 37
India, 30–36
methods of founding, 15
need of, 27, 139, 215
overpopulation, 18
readjustment, 230
rivalry for, 142
Colombia, revolution in, 47
Colquitt, Governor, quoted, 214
Commercial *attaché,* 208
Concert of Europe, 197, 198, 222
"Condor," H. M. S., 79
Confederacy, 29-n
Conferences, international, 198, 199
Conservative Party, 53
Consolidated Goldfields, 112
Constantinople, 32, 39, 40, 41, 56, 72, 97, 98, 124, 134, 135, 138, 164, 167
Co-operation, economic, of Allies, 222–226
Copper
German supply, 21
Japanese supply, 27
in Morocco, 154
Corsica, 130
Cotton
American, 23, 212–214
British supply, 23, 212, 213, 214
Caucasian, 160
Egyptian, 64

Cotton (continued)
French supply, 24, 212
German supply, 21, 212
in Civil War, 203
in World War, 203
Japanese supply, 26
Courts, juvenile, 199
Covenant, League of Nations, 222
Cowen, Thomas, quoted, 86-n
Crammond, Edgar, quoted, 188, 189
Credit, industrial, 185
Crete, 46, 124, 125, 126
Creusot, 173
Crimea, 40
Cromer, Lord, 79; quoted, 64, 217-n
Crosby, Oscar, quoted, 4
Crown-Prince, Austrian, see Ferdinand
Crown-Prince, Greek, 125
Crusades, 4
Cuba
American influence in, 27-n
American intervention, see Spanish-American War
economic conditions in, 116, 118
insurrection, 46, 48, 116–123
juntos, 122
reciprocity, 120
Spanish administration, 120, 122, 123
sugar situation, 118
Cunern, 117
Cyprus, 32, 34

D

Dahomey, French operations in, 46
Dalmatia, 122, 175
Dalni, 92, 99
Damaraland, 126
Damascus, 168
Danube, 172, 173, 197
Dardanelles, 97, 134
Dardanelles expedition, 31
Davis, Richard Harding, quoted, 150
Death rate, German, 16
DeBeers, 112
Debt, Egyptian
cause of war, 76
Consolidated Debt, 71
loans, 66
totals, 70, 71
Descent, in Moslem countries, 70
Diamonds, South African, 108, 109
Diamond Fields Advertiser, 113
von Diedrichs, Admiral, 92
Delagoa Bay, 111
Denmark
French investments in, 185
Denmark (continued)
grain imports, 212
Virgin Islands, 28, 29-n
War of 1864, 8
Dillon, E. J., quoted, 4-n, 16-n
Disraeli, 32, 41
Dogali, Italian defeat at, 79
Dominican Republic, 28-n
Doumer, M., 82
Dowager Empress, 94
Doyle, Sir Arthur Conan, quoted, 106-n
Dragoman Pass, 77, 78
Drang nach Osten, 124, 135, 143, 158–60, 162
Drang nach Osten, Slavic, 98, 99
Dreadnaughts, 33
Dual Control, in Egypt, 71, 72
Dual *Entente,* 43
Dual Monarchy, see Austria-Hungary
Duelling, international conference on, 199
Durazzo, 137
Dutch, in British colonies, 110
"Dumping," German, 149, 218
Dynamite Monopoly, 111
Dynastic ambitions, war cause, 5

E

East, see Far East and Near East
Eckstein Group, 112, 113
Economic penetration, 156, 160, 169, 172
Economic theory of history, viii, 11
Economic union, 222–226
Edward VII, quoted, 213
Egypt
allegiance, 34
Bagdad Railway, danger from, 164, 165
British occupation, 46, 48, 64–76, 139, 216
debt, 70, 71, 76
Fashoda incident, 12, 74, 75, 191
finances investigated, 69
foreign investments in, 194
French investments in, 184, 191
loans, 66, 68
neutrality in Tripolitan War, 132
raw materials in, 64, 76
revenues, 65
revolt in, 72
Sudan, wars in, 73–75
tobacco, 118
Egyptian Empire, 6
Elgin Commission, 179
Emigration, 28, 129

Empire
Assyrian, 6
Babylonian, 6
Chinese, 35, 93
Egyptian, 6
German, 7, 25
Holy Roman, 7
Indian, 31
Japanese, 24, 25
Ottoman, 32, 158
Roman, 11
Russian, 50
Ems telegram, 2
Engels, Friedrich, 206
England, population, 15 and 15-n
Entente, 43, 75
Entomology, international conference on, 199
Eritrea, Italian colony, 79, 80
Erzberger, Matthias, quoted, 227
Erzerum, 169
Ethnike Hetaira, 125
Eugenics, 199
Euphrates Valley, 158, 159, 162, 164
Europe, British investments in, 184
Explosives, 224
Exports, see Imports

F

Fabian Society, 217-n
Fao, 165
Far East, 12, 139, 204, 218, 226
Fashoda incident, 12, 74, 75, 191
Fats, 224
Fellaheen, 67
Ferdinand, Archduke, 125, 142, 186
Finance in war
Boer War, 106, 116, 179
dual rôle, 177, 178, 187, 192
Russo-Japanese War, 179, 180
World War, 181
Financial difficulties in war, 194
"Fists of Righteous Harmony," see Boxers
Fiume, 135
Flax, 224, 225
Fleet, British, 9, 22, 30, 33
Fleet, German, 9, 147, 227
Fleet, Russian, 169
Fleets, damages to, 33
Flottenverein, 9
Flour, Japanese, 26
Fonseca Bay, 28-n
Foochow, French fleet at, 82
Food
British imports, 23
Control, 223, 224
French imports, 23, 24
Food (continued)
German imports, 22
Holland's needs, 20
Italian situation, 132
Japanese situation, 25–27, 83, 84
supply, general European, 212
Forbes, Archibald, quoted, 52
Foreign investments
American, 185, 190
British, 183, 184, 192
French, 184, 185, 192
German, 183
Formosa
cession to Japan, 87
French blockade, 82
France
Bagdad Railway, 167
Balkan loans, 139-n
Balkan trade, 173
Berlin, Treaty of, 42
birth rate, 18
Capitulations, 68
Chinese demands, 92, 93
Egyptian debt, 68
first Republic, 5
Food control, 223
foreign investments, 183, 190, 192, 193
Franco-German trade rivalry, 150–158, 204
Franco-Prussian War, 8, 178, 183
Haiphong, 81
Hanoi, 81
imports and exports, 23, 24
iron, 151
Mexico, 29-n
Morocco, 202, 209, 211, 216, 219
population, 15, 15-n
press, in war, 2
railways in Asia Minor, 168
religions in, 4
Russian loan, 180
Texan dispute, 1
Freedom of the sea, see Sea
Free trade, 217 and 217-n
Frontier, economic, 142
Frontier, "scientific," 36, 52, 142
Fruit, canned, 224
Fuel, naval, 33, 34
Fukien, province of, 92
Furniture, Bavarian, 149
Furs, see Hides

G

Garibaldi, Menotti, 72-n
General Staff, American, 181, 182
General Staff, German, 4-n, 178
Genoa, merchants of, 190

Gensan, 99
Georgia, raw materials in, 209
Germany
  agriculture, decrease of, 20
  American loans, 192
  Balkan policy, 135, 139
  Balkan trade, 173
  Berlin, Treaty of, in, 42
  birth rate, 15, 16, 17, 18
  Chinese demands, 92, 93
  coal, 21
  competition with British, 142
  cotton, 21
  "dumping," 218
  financial relations, 185, 188, 189
  foreign investments, 183
  hegemony, 8
  imports and exports, 148, 212
  iron, 21, 151
  in Korea, 104
  in Morocco, 155, 209
  raw materials, 21
  religions in, 4
  Russian loans, 180
  shortage of capital, 149
  trade increase, 146, 147
  war reserve, gold, 178
Gibraltar, 34
von Gierke, Otto, quoted, 145-n
Gilchrist, Percy, 152
Glassware, 174
Gortchakoff, Prince, 41
Gold
  discovered in Rand, 108
  German war reserve, 178
  in Morocco, 154
  Wolseley, Sir Garnet, on, 109
Gold-credit, 185
Golden Horn, 32
Gomez, General, 121
Good Hope, Cape of, 32
Gordon, General, 73, 74
Goschen-Joubert mission, 69
Goths, 11
Grain imports, 212
Granite, Bavarian, 149
Great Britain
  attitude on Bagdad Railway, 167
  Balkan policy, 135
  birth rate, 18
  Chinese demands, 90–92
  financial relations, 188, 189
  food control, 223
  foreign investments, 183, 184
  French investments, 185
  imports and exports, 148
  Japanese alliance, 100
  Japanese loans, 180
  Korean trade, 104
Great Britain (continued)
  Moroccan interests, 155, 209
  religions in, 4
  rivalry, internal economic, 208
  trade increase, 146, 147
  trade routes, 30
  Venezuela boundary, 29-n
  trade increase, 146, 147
Greco-Turkish War, 46, 48, 123–126, 139
Greece
  ancient, 196
  Bulgarian treaty, 134
  Capitulations, 68-n
  colonization, ancient, 14
  Crete, 136
  freedom, 7
  hostilities during London Conference, 138
  races, 133
Guano, 58, 60
Guatemala, 16
Guiana boundary, 29-n
Gundamuk, Treaty of, 54

H

Haidar-Pasha, 161, 164
Hainan, Island of, 93
Haingyondo, Province of, 85
Haiphong, French seizure of, 81
Haiti, 28-n, 47
Hamburg-American line, 147
Hanoi, French seizure of, 81
Hapsburg dynasty, 3
Harmony, Fists of Righteous, see Boxers
Hawaiian Revolution, 46
Hegemony, German, 8, 155
Hemp, 159, 224, 225
Herald, New York, 43
Herero Rising, 46, 48, 49, 126, 127, 139
von Hertling, Baron, quoted, 163-n
Herzegovina, see Bosnia-Herzegovina
Hicks, General, 73
Hides, 24, 174, 224, 225
Hinze, Professor Otto, quoted, 144-n
Hittites, 165
Hobson, J. A., quoted, 106-n
Holland
  Capitulations, 68-n
  French investments in, 185
  grain imports, 212
  iron imports, 151
  population, 18-n
  suffering in World War, 19, 20
Holy Roman Empire, 7

Hongkong, seizure of, 90-n
Hottentot Rising, 46, 127
Huguenots, 108
von Humboldt, Alexander, 58
Hungary, see Austria-Hungary
Huns, 11
Hygiene, racial, 199

I

Imperialism, American, 27 and 27-n
Importation and shipping, Council for, 224
Imports and exports
  Austrian, 174
  British, 23, 148
  freedom of, 215
  French, 23
  German, 21, 22, 148
  Italian, 24
  Japanese, 24
  Korean, 105
Incas, Peruvian, 58
Indemnity, French, 178
Independent, New York, quoted, 194
India
  civilization, early, 197
  danger from Bagdad Railway, 162, 164, 165, 166
  defense of, 64, 72, 76, 97, 218
  frontier, 51–53
  routes to, 30–36, 41, 49
  Russian ambitions, 32, 35, 39
  travel to, 168
  value to Great Britain, 30–36, 218
Indian Ocean, 33
Indo-China, French in, 81, 82
Industries
  Austrian, 172
  Bavarian, 149
  colonial requirements of, 18
  growth of, 11, 156
Industrialism
  British, 203
  effect of, 11
  French, 205
  German, 205
  internationalism, relation to, 201
  overpopulation, cause of, 18
  population, relation to, 204
Industrial states, 18, 19
Insurrection, Cuban, 46, 48, 49, 116–123
Insurrectos, 122
Intelligence Service, British, 114
Interdependence of nations, 202, 213–218, 220
International conferences (1914), 200
Internationale, 206
Internationalism, doctrine of, 196
Internationalism, economic origin of, 204
International finance—see Finance
International law, 34
Intervention in backward states, 209
Investments, foreign
  American, 185
  amounts, 182
  British, 183, 184
  French, 183, 184, 185
Ireland, civil war in, 3
Iron
  British supply, 23
  German supply, 21
  Japanese supply, 27
  Korean exports, 104, 105
  Lorraine fields, 147, 151
  Ukraine fields, 159
Irredentism, Serbian, 173
Isandhlwana, 57
Ismail Pasha
  bad faith of, 69
  canal stock sale, 32
  deposed, 70
  extortion, 67
  extravagance, 64, 65, 209
  seizure of land, 66
Italy
  Abyssinian Wars, 46, 48, 49, 78–80
  Bagdad Railway, 170
  Balkan interests, 173, 175
  birth rate, 18
  Chinese demands, 94
  economic ambitions, 143, 144
  Egyptian debt, 69
  Egyptian sympathies, 72-n
  Emigration, 129
  financial relations with Great Britain, 188
  food control, 223
  French investments in, 185
  imports and exports, 24
  population increase, 15, 15-n
  religions in, 4
  Triple Alliance, 42
  Tunis, 42
  Turkish War, 29, 46, 48, 49, 128–132, 139
  Venezuelan Boundary, 29-n
Ito, Marquis, quoted, 86-n

J

Jaffa-Jerusalem Railway, 168
Jameson Raid, 29-n, 114

Japan
agriculture, 25, 26
British Alliance, 100
British loans, 179, 180
Chinese War, 46, 48, 49, 83–90
civilization, early, 197
finance, in Russian War, 179, 180
foreign trade, 27
French investments in, 185
imports and exports, 24–27
in Korea, 103, 104, 105
opening of, 210
press in, 89
population, 17, 25
religions in, 4
Russian War, 46, 48, 96–105, 179, 180
Jenkins's Ear War, 1, 2
Johannesburg *Star*, 113
John, King of Abyssinia, 79
Joint stock banks, English, 188, 189
Julius Tower, 178
Juntos, Cuban, 122
Jute, 174, 224
Juvenile courts, 199

K

Kabul, 51
Kaiser Wilhelm II, 29-n, 115, 161, 163, 209
Kaufmann, General, 53
Kavalla, 134
Khartoum, 73, 74
Khedive, see Ismail Pasha
Khyber Pass, 51, 54, 55
Kiao-Chau, seizure of, 91, 92
Kiel Canal, 31
Kirk Kilisse, 137
Kitchener, Lord, 74, 75
Kochana, atrocities at, 137
Kodok (Fashoda), 74
Koku, English equivalent, 25-n
Konia, 161
Korea
area and crops, 83
Chinese claims, 84
economic difficulties in, 49
imports and exports, 105
internal reform, 86
Japanese economic aims, 86, 87, 87-n
Japanese influx, 103, 104
population, 103
Russo-Japanese rivalry in, 96
Tonghak troubles, 85
trade, 104
value to Japan, 83
Koweit, British protectorate, 161, 165
Kowlung Peninsula, 90, 90-n
Krüger, President, 29-n, 111, 115
Krüger Telegram, 115
Krupps, 7, 22
Kuang-chan-wan, 89
Kultur, British, 35
Kultur, German, 6, 141
Kuram Valley, 55
Kuroki, General, 102
Kuropatkin, General, quoted, 99-n
Küstenland, 175
Kwang Chau, 92
Kwangsi, 93
Kwang Tung, 93, 100

L

Lancashire, textile mills, 23
Language, 9
Latané, J. H., quoted, 29-n
Lead, in Morocco, 154
League of Nations
Covenant of, 222, 228
economic program, 221, 228
economic union, 222–226
Erzberger, Matthias, quoted, 226
German protests, 226
Leather, 224
Lecky, W. E. H., on war causes, 3-n
Legations in Pekin, 94
Leutwein, Colonel Theodor, 126, 127
de Lesseps, Ferdinand, 65
Liao-Tung Peninsula, 87, 92, 102
Lima, capture of, 63
Linguistics, international conference on, 199
Lippert dynamite concession, 111
Liverpool, port of, 147, 168, 187
Livingstone, David, 43
Loans
Egyptian, 66, 68
French in Balkans, 139
Japanese, 180
Russian, 91, 180
in World War, 181
London, financial centre, 181–183, 186, 188
London Stock Exchange, 187
Longwy, iron district, 152
Lorraine, 147, 151
Lule Burgas, 137
Lumber, 220
Lytton, Lord, 50, 53, 54, 55

M

Mahdists, 73, 75, 76
Malgarejo, Dictator, 61
Mauritius, 32

Martinovich, General, 136
Macedonia, 41, 133, 136
Madrid Stock Exchange, 186
Majuba Hill, 108
"Maine," U. S. S., 2
Maize, 174
Makela, Italian surrender at, 80
Malta, 32, 34
Manchuria, 93, 96, 101
Mandatary Commission, 228
Manchu Government, 93
Manganese, 159, 160
Mansampo, 99
Man-power, in war, 177
Marchand, Major, 74
Margraf, Andreas Sigismund, 117-n
Maritime Transport Council, 223, 224
Markets
  American, 120
  Austrian, 78, 135, 138, 172
  Balkan, 138
  British, 145, 148
  Cuban, 117, 118
  German, 138, 145, 214
  Italian, 132
  need of, 11, 12, 27
  Spanish, 119, 123
  struggle for, 140
  unhampered access to, 215
  war cause, 27
Marseilles, 168
Marx, Karl, 206
Massacre, Afghan, 54
Massacre, Turkish, 32
Massachusetts, textile industry, 208
Massowa, occupation of, 79
Matériel, Serbian purchases, 172
Maximilian, 29-n
McKinley, President, quoted, 122
Meats, 224
Mecca, 168
Medicine, international conference on, 199
Menelik of Shoa, 79, 80
Merchant fleet, British, 167
Metallurgy, international conference on, 199
Metric Convention, 200
Meuse River, 197
Mexico
  American interests, 190
  French invasion, 29-n
  French investments in, 185
Michnai Pass, 54
Milan, King of Serbia, 77
Mittel-Europa, 135, 158
Missionaries, German, murdered, 91
Molybdenum in Korea, 105
Money, international, 185
Monroe Doctrine, 29-n
Monroe, President, 30
Montenegro,
  economic problems, 133, 135, 136
  freedom of, 7
  war with Turkey, 133, 137
Morocco
  Agadir incident, 12, 142, 149, 156, 157, 191, 192, 193
  civil war in, 47
  commerce, 155
  Franco-German relations, 202, 209, 211, 216, 219
  iron and minerals in, 154
  revolt of troops, 47
  trade percentages, 209
  Woolf, L. S., quoted, 217-n
Moslems, 133
Moussoul, 164
Mugi, 26
Munich, 168
Munitions Council, 223, 224, 225

N

Napoleon, 5, 65, 117, 197
Napoleon III, 29-n, 67, 191
Natal, in Zulu War, 56
Naumann, Friedrich, quoted, 145-n
Naval bases, 28, 33, 34, 36, 45, 219
Naval rivalry, Anglo-German, 150
Near East, 12, 135, 193, 218, 226
Nelson, 65
Nepal, 35
Netherlands Railway, 111, 116
Neumann and Company, 112
Neutrality, Belgian, 6
Newsholme, A., quoted, 15-n
New York, 187
New York *Herald*, 43
New York Stock Exchange, 186, 187
Neymarck, Alfred, quoted, 182-n
Nicaragua, 28-n, 47
Nile River, 66
Nippon, see Japan
Nitrates, 63, 224
Nitrate War, 46, 48, 57–64, 139
Nobel's Dynamite Trust, 111
Non-ferrous metals, 224
North German Lloyd, 147
North Sea, 160
Norway
  French investments in, 185
  grain imports, 212
  separation from Sweden, 7
Novi-Bazar, Sanjak of, 4, 174
Nubar Pasha, 66

O

Odessa, 169
Oil, 33, 160, 224
Oil cakes, 26, 27
Okkium, Kun, 85
Old Testament, religious wars in, 4
Olympic games, 196
Opium, 174
Orange Free State, 109, 113, 115
Oriental civilization, 197
Origin of war, see War
Ostend, 168
Ottoman Empire, 130
Overpopulation, see Population

P

Paint, Bavarian, 149
Palestine, 3
Panama Canal, 27-n, 28-n
Panama, Republic of, 28
Pan-Slav policy, 134
"Panther," German gunboat, 191
Paper, 224
Paris Bourse, 162, 184, 186, 191
Paris Conference (1917), 224
Paris, Treaty of, 102
Passenger trade, British, 167
Pathology, international conference on, 199
Peace Conference, 141, 199
Pekin, Relief Expedition, 90, 94, 95
Pelly, Sir Louis, 53
Penjdeh incident, 55
Perim, 34
Persia, 217-n, 219
Persian Gulf, 35, 160, 162, 165, 166
Peru
  guano, 57, 60
  Incas, 58
  nitrate of soda in, 69
  Nitrate war, 2, 57–64
  restrictions on nitrate, 60
  treaty with Bolivia, 61
Pescadores, cession of, 87
Petrograd Bourse, 186
Petroleum, 174, 224
Philip II, 190
Philippines, 46, 47
Philippopolis, Bulgarian occupation, 77
Phœnicia, 14
Phosphate beds, 59
Picot, Battle of, 78
Pigs as war cause, 1
"Pig War," 136, 173, 213
Ping Yang, Battle of, 86
Plomenatz, 136
Population
  American, 18
  birth rate, 15–18
  British, 17
  colonies, relation to, 15, 128–130, 230
  death rate, 17
  French, 15–18, 140
  German, 15–18, 158
  increase of, 11, 14, 17
  Italian, 17, 79, 128–130
  Japanese, 18, 25, 27
  over-population, 18, 124
  stationary, 15
  surplus, 15, 230
Port Arthur
  cession to Japan, 87
  fall of, 86
  importance, 88, 96, 99
  Japanese loss of, 89, 91
  Russian seizure, 90, 92
  siege of, 102
Port Elizabeth, 111
Port Lazarev, 99, 100
Porto Rico, 27-n
Portsmouth, Treaty of, 102
Portugal
  African colonies, 111
  French investments in, 185
  military revolt in, 46
Postal Union, 200
Pound Egyptian, 70-n
Poverty, British, 148
Press, Japanese, 89
Pressure, economic, 139
Pressure, financial, 191–193
Pro-Boer Party, 106
Program Committee, 223, 224, 225
Prostitution, international conference on, 199
Prussia
  War of 1864, 7
  Population, 15
Psychic research, international conference on, 199

Q

Quetta, occupation of, 53

R

Radiology, international conference on, 199
Railways, see Trans-Siberian, and Bagdad.
Railways, international conference on, 199
Rand, 107

Rassegna Nazionale, quoted, 129, 130
"Rattling the purse," 192
Raw materials
  access to, 217
  Afghan War, relation to, 56
  American, 28
  British, 23
  Council, 223–225
  Egyptian, 64, 67
  French, 23, 24
  German, 22, 164
  industrial requirements, 11, 12, 27
  Japanese, 104, 105
  Mittel-Europa, 159
  Tripolitan, 128
  Ukrainian, 159
Red Sea, Italy on, 79
Reichsbank, 178, 191
Relief Expedition to Pekin, 90
Religion, war cause, 3, 3-n, 4, 4-n
"Revanche," 9, 143, 150, 153
Revenge, war cause, 8
Reventlow, Count von und zu, quoted, 144-n
Rhine River, 197
Rhodes, Cecil, 112, 113, 114
Rhodesia *Herald,* 113
Rice, 26, 27
Risorgimento, 128
Robinson, Albert G., quoted, 117-n, 121-n
Robinson Mines, 112
Roman Empire, 11
Romanoff dynasty, 3
Rooke's Drift, 57
Rothschild Exploration Company, 112
Rotterdam, port of, 158
Rumania
  Balkan Wars, 133
  debt to France, 193
  freedom, 7
  grain and oil fields, 160
  trade with Austria, 174
Rumelia, Eastern, 77
Russia
  Agriculture, 39
  Anglo-Russian agreement, 35, 39
  Bagdad Railway, 169
  Balkan policy, 41, 134
  British relations, 50, 52
  Chinese demands, 91
  expansion in Asia, 32, 97
  finance, Japanese War, 179, 180
  French investments in, 184, 192
  German economic penetration, 158
Russia (continued)
  India, aggressions on, 35
  Japanese War, 46, 48, 96–105
  loan, to China, 91
  loans, from France and Germany, 180
  religions in, 4
Russo-Chinese Bank, 91
Russo-Turkish War, 169

S

Saghalin, Russia in, 98, 99
Saigon, capture of, 81
Salisbury, Lord, 53
Salonika, 134, 135, 137, 158
Salonika-Monastir Railway, 170
Santo Domingo, 47
Sanjak of Novi-Bazar, see Novi-Bazar
Sanmun, 94
San Stefano, Treaty of, 40, 52, 77
Sarajevo, 1, 142
Saturday Review, quoted, 145-n
Saxony, population, 18-n
Scandinavia, Russian commerce with, 97
Scheldt River, 197
Scutari, 137, 138
Sea, freedom of, 36, 215, 216
Sea-power, 227
Sebastopol, 169
Seed-testing, international conference on, 199
Seligman, E. R. A., quoted, 123-n
Senafe, Battle of, 79
Seoul, Japanese population, 104
Serbia
  access to sea, 173
  Austrian trade, 172
  Austrian War, 186
  Balkan Wars, 133, 137
  Bulgarian treaty, 134
  debt to France, 193
  economic independence, 136, 174
  freedom, 7
  irredentism, 173
  "Pig War," 1, 136, 173, 213
  religions in, 4
Serbo-Bulgarian War, 46, 48, 76-78
Seward, Secretary, 5
Seychelles, 32, 35
Shimonoseki, Treaty of, 86, 91, 101
Shanghai, French rights in, 93
Shantung, Germans in, 97
Shantung, Japan in, 102
Shere Ali, 53
Shipping Council, 224
Siam, Gulf of, 33

heat in, 83
n Revolt, 46
ıy, 131
Silk, 27
Silver, in Morocco, 154
Sivas, 169
Skins, see Hides
Skoda works, 172
Skuptschina, Serbian, 173
Slave trade, 198
Slivnitza, 78, 173
Smyrna-Kassaba Railway, 168
Socialism, 184
Société du Chemin de Fer Ottoman d'Anatolie, 161
Sokotra, 35
Somaliland, 47
Sontai, French attack on, 82
South African Explosives Company, 111
South African War, see Boer War
South America, 28, 29, 29-n
Spain
  American War, 5, 46, 48, 116–123
  Armada, 190
  colonial administration, 118, 122
  French investments in, 184
  grain imports, 213
  iron, 152
  military revolt, 46
Speare, Charles F., quoted, 182-n
Stanley, Henry M., 43, 44
Steel, 224
Submarines, 22, 219, 220
Sudan, 34, 49, 73, 191
Suez Canal, 32, 34, 39, 40, 49, 64, 67, 69, 72
Suez, French investments in, 184
Sugar, 21, 27, 117, 118, 174, 224
Sulphur, in Morocco, 154
Sultan of Turkey, 161
Sweden
  iron, 152
  French investments in, 185
  grain imports, 212
  separation from Norway, 7
Switzerland
  French investments in, 185
  grain imports, 212
Syria, 164

T

Tacna, 59, 64
Tangier, 157
Tanning materials, 225
Tarapaca, 59, 62–64
Tariffs, 123, 158, 200
Tariff wars, 157
Tashkand, 53
Taurus Mountains, 162
Taussig, F. W., quoted, 15-n
Taxes, Boer, 113
Taylor, Hannis, quoted, 120-n
Tchataldja lines, 137
Tea, 27
Tei-lien-wai, 99
Tel-el-Kebir, 72
Testament, Old, religious wars in, 4
Tewfik Pasha, 70
Texas, Republic of, 1
Textiles, 24, 147, 174, 199
Thibet, 35, 47
Thomas, Sidney Gilchrist, 44, 45, 147, 152, 153
Throne, speech from the, 213
Tientsin, Treaty of, 85
Tigris-Euphrates Valley, 158, 159, 164
Timber, 224
Tin, 224
Tobacco, 118, 174, 224
Tokio, Bank of, 180
Tolzien, G., quoted, 145-n
Tonghak movement, 85
Tonkin, 82, 93
Toronto Stock Exchange, 186
Trade increase, 146, 147
Trade routes, 30, 36, 45, 215, 216, 218, 219, 227
Transit, freedom of, 229
Transport, 220, 223, 224
Trans-Siberian Railway, 99, 100, 169
Transvaal, 29-n, 106, 107, 109, 111, 115
Trek, Great, 108
Tribunaux Mixtes, 68, 69
Trieste, 135, 158, 175
Triple Alliance, 43
Tripoli, 49, 80, 209
Tsar of Russia, 40, 91, 162
Tsingtao, 89, 97
Tsushima, Straits of, 99
Turkestan, Russians in, 46
Turkey
  Bagdad Railway, 163, 166, 169
  Balkan policy, 133
  delay of 6th Army Corps, 169
  French investments in, 184
  Greek War, 46, 48, 123–126
  Italian War, 46, 48, 128–132
  Macedonia, 41
  Mittel-Europa, 158, 160
  religions in, 4
  Russian War, 40
  tobacco in, 118, 174
  Tripolitan interests, 49

Tungsten, Korean, 105
Tunis, 42, 129, 130

U

Uitlanders, 108, 109, 110, 114
Ukraine, raw materials in, 159
Undeveloped lands, menace of, 216
Unemployment, German, 149
Unification, national, 6, 7
Union, international economic, 222-226
United Kingdom, see Great Britain
United States
  British investments in, 184
  Capitulations, 68
  Food Control, 225
  foreign investments, 185, 190
  French investments in, 185
  imperialism, 27, 27-n
  internal rivalry, 208
  investments in South America, 189, 190
  loans to Germany, 192
  population, 18, 27
  Spanish War, 116-123

V

Vassos, Colonel, 125
Venezuela, 29-n, 46
Vienna, 1, 168
Vienna Bourse, 186
Vilmorin, Louis, 117, 117-n
Virgin Islands, 28-n
Vladivostok, 39, 97, 98, 99, 209

W

Wakamatsu Steel Works, 105
Wales, population, 15-n
War
  "altruistic," 5, 6
  armaments, 9, 177
  causes, 1–14
  causes, list of, 3, 4
  dynastic, 4
  economic motives of, 11, 45, 64, 76, 77, 80, 83, 86-n, 87, 91, 96, 103, 107, 123, 124, 128, 135, 138–140, 143, 150, 175, 176, 204
  finance, 10, 177–180, 185–189, 194, 195
  food in war, 177
  hatred as cause, 10
  inventions in, 221
  language, 9
  man-power in, 177
  prevention of, 190–192, 194
  religion in, 4
  unification, national, 7
Wei-hai-wei, 86, 90
Wells, H. G., quoted, 146
Wernher, Beit and Company, 112
Westphalian coal, 152, 156
Westphalian manufactures, 149
Weyler, General, 121
Wheat, 21, 26, 159, 224
White man's burden, 6
Wilhelm II, see Kaiser Wilhelm
Wilson Bill, 119
Wolseley, Lord, 72, 109
Wool, 21, 24, 26, 174, 220, 224, 225
Woolf, L. S., quoted, 217-n

Y

Yalu, Battle of the, 86
Yalu River, 101, 216
Yangtse Valley, 92, 216
Yellow Sea, Russian interests in, 98
Young Turks, 130, 131
Yunnan, 93

Z

Zambesi River, 114
Zanzibar, bombardment of, 46
Zollverein, German, 159
Zulu War, 46, 48, 56, 139

HB195 .B16
The economic causes of modern war;
Princeton Theological Seminary-Speer Library
1 1012 00025 0508